

PLAINTIFF'S EXHIBIT

HW-549

-----BEGIN PRIVACY-ENHANCED MESSAGE-----

Proc-Type: 2001,MIC-CLEAR

Originator-Name: webmaster@www.sec.gov

Originator-Key-Asymmetric:

MFgwCgYEVQgBAQICAf8DSgAwRwJAW2sNKK9AVtBzYZmr6aGjlWyK3XmZv3dTINen

TWSM7vrzLADbmYQaionwg5sDW3P6oaM5D3tdezXMm7z1T+B+twIDAQAB

MIC-Info: RSA-MD5, RSA,

Mt2JGqwGcAs4Uzowmw+4Z7UdsCGETgiy6y+F5VgKdvFzPrChR9Nay9LmLChUc6uq

QVBrd5OPHgD8PkNSDNK7mg==

<SEC-DOCUMENT>0000930661-99-000681.txt : 19990402

<SEC-HEADER>0000930661-99-000681.hdr.sgml : 19990402

ACCESSION NUMBER: 0000930661-99-000681

CONFORMED SUBMISSION TYPE: 10-K

PUBLIC DOCUMENT COUNT: 10

CONFORMED PERIOD OF REPORT: 19981231

FILED AS OF DATE: 19990331

FILER:

COMPANY DATA:

COMPANY CONFORMED NAME:

GLOBAL INDUSTRIAL TECHNOLOG

CENTRAL INDEX KEY:

0000887941

STANDARD INDUSTRIAL CLASSIFICATION:

ABRASIVE ASBESTOS & MISC NC

IRS NUMBER:

752617871

STATE OF INCORPORATION:

DE

FISCAL YEAR END:

1231

FILING VALUES:

FORM TYPE: 10-K

SEC ACT:

SEC FILE NUMBER: 001-11160

FILM NUMBER: 99582358

BUSINESS ADDRESS:

STREET 1: 2121 SAN JACINTO ST STE 2500

STREET 2: SAN JACINTO TWR

CITY: DALLAS

STATE: TX

ZIP: 75201

BUSINESS PHONE: 2149534500

MAIL ADDRESS:

STREET 1: 2121 SAN JACINTO ST STE 2500

STREET 2: SAN JACINTO TWR

CITY: DALLAS

STATE: TX

ZIP: 75201

FORMER COMPANY:

FORMER CONFORMED NAME: INDRESCO INC

DATE OF NAME CHANGE: 19930328

</SEC-HEADER>

<DOCUMENT>

<TYPE>10-K

<SEQUENCE>1

<DESCRIPTION>FORM 10-K

<TEXT>

<PAGE>

SECURITIES AND EXCHANGE COMMISSION

For fiscal
year 1998.

Global stopped
filing in 1999.

Washington, D.C.
FORM 10-K

[T] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 1998

Commission File Number 1-11160

GLOBAL INDUSTRIAL TECHNOLOGIES, INC.
(Exact name of registrant as specified in its charter)

Delaware 75-2617871
(State or other jurisdiction of (I.R.S. Employer Identification No.)
incorporation or organization)

2121 San Jacinto, Suite 2500, Dallas, Texas 75201
(Address of principal executive offices) (Zip Code)

(Registrant's telephone number) (214) 953-4500

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

Title of each class	Name of each exchange on which registered
Common Stock, Par Value \$0.25 Per Share	New York Stock Exchange, Inc.
Preferred Stock Purchase Rights	New York Stock Exchange, Inc.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. Yes ☒ No ☐

The aggregate market value of the voting stock (based on the closing price on the New York Stock Exchange as of March 29, 1999) held by non-affiliates of the registrant was approximately \$239,691,729.

As of February 28, 1999 there were 22,296,905 shares of Global Industrial Technologies, Inc. Common Stock outstanding.

Documents Incorporated by Reference

Portions of Registrant's definitive 1999 proxy statement filed or to be filed pursuant to Regulation 14A are incorporated by reference into Part III of this Form 10-K.

<PAGE>

PART 1

1. Business

As of December 31, 1998, Global Industrial Technologies, Inc., a Delaware corporation (Global Industrial Technologies, Inc., together with its subsidiaries, either Global or the Company) operated in two segments: Refractory

Products and Minerals, and All Other. In 1997, Global conducted its business in five segments: Refractory Products, Minerals, Specialty Equipment Products, Forged Products and Industrial Tool. The Company revised its business into four segments in the second quarter of 1998 to reflect the divestiture, announced on March 12, 1998, of its Industrial Tool segment. In connection with the acquisition of A.P. Green Industries, Inc. on July 1, 1998, the Company reconfigured its segments into Refractory Products, Minerals, Lime, Forged Products and Specialty Equipment Products. The Company further revised its business into two segments effective in the fourth quarter of 1998 to reflect the divestiture announced on March 9, 1999 of its Lime operations and its intent to divest the Forged Products segment.

In 1996, the Company included a 50% joint venture and conducted its business in three segments: Minerals and Refractory Products, Mining and Specialty Equipment and Industrial Tool. The Company revised its businesses into five segments effective with the beginning of fiscal 1997 to reflect the divestiture, announced on January 23, 1997, of its 50% partnership interest in Komdresco of South Africa, the British Jeffrey Diamond underground mining operation in the U.K. and the worldwide operations of the Marion Power Shovel Company. The remaining operations of the Company were organized into five segments with the Harbison Walker Minerals business and the Ameri-Forge forged products business being presented as individual segments.

Operations of the Company

The Company operates in industries and markets that are highly competitive. The demand for the Company's products is dependent upon, among other things, general economic conditions in the industrial marketplace and, more specifically, on U.S. iron and steel production, worldwide demand for certain refractory raw materials and worldwide demand for nonferrous metals, primarily aluminum and copper. Further, the Company's domestic and foreign operations may from time to time be adversely affected by currency fluctuations and world economic conditions. See Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following section describes the Company's two business segments and their principal products and activities. For financial information by segment and geographic area, see Note U to Global's Consolidated Financial Statements which also provides general information concerning the business of the Company.

Refractory Products and Minerals

Harbison-Walker Refractories Company (Harbison-Walker) includes the following affiliates: Harbison-Walker Refractories S.A. de C.V., formerly Refractarios Mexicanos S.A. de C.V. (Refmex), the largest Mexican producer of refractory products; Harbison-Walker Refractories S.A., formerly Refractarios Chilenos S.A. (RECSA), Chilean manufacturers of a broad line of refractory products; Harbison-Walker Refractories GmbH, formerly Magnesitwerk Aken GmbH (Aken), a German refractories manufacturer acquired in December 1997; and A.P. Green Industries, Inc. (Green), with operations in the U.S., Canada, Columbia, Mexico, the United Kingdom and Indonesia. Harbison-Walker manufactures over 200 refractory products in various shapes, sizes and forms. Refractories, which are made principally from magnesite, graphite, bauxite, quartzite, dolomite and fire clays, are used in virtually every industrial process requiring heating or containment of a solid, liquid or gas at a high temperature. Iron and steel producers, which accounted for approximately 40 percent of the Company's 1998 refractory sales, use the Company's products in various types of furnaces, in coke ovens and in iron and steel handling and steel finishing operations. Industrial markets for the Company's refractory products include non-ferrous metals producers (aluminum, copper and zinc), mineral processors (cement and lime), glass producers, fossil-fueled power plants, chemical and petroleum processing plants and general industry.

Harbison-Walker also mines and processes certain minerals, the primary product being high-purity magnesite used in the manufacture of premium refractory products. In addition to high-purity magnesite, the Company's mineral products include: caustic magnesia, used in many industrial applications, such as acid neutralization, flue gas desulfurization, flame retardants, pharmaceuticals, animal feed and fuel additives; and fused magnesite, used as a grain in the manufacture of refractory products and in the manufacture of heating elements for ovens, stovetops, water heaters and other household and industrial products.

Sales and operating revenues for Refractory Products and Minerals were \$444.2 million, \$365.1 million, and \$331.4 million for the years ended December 31, 1998, October 31, 1997 and 1996, respectively.

2

<PAGE>

All Other

This segment represents the Company's remaining continuing operations which are conducted through its Corrosion Technology International (CTI), Shred Tech, and Jeffrey businesses which manufacture a variety of products for various industrial applications. The primary products are: a patent-protected polymer concrete cell used in the refining of non-ferrous metals, principally the copper refining market (CTI); shredders, crushers, vibrating feeders and coal jigs that are sold to the general processing and recycling, forest products, quarrying, coal and waste processing markets (Jeffrey); and shredding products used for reducing tires, glass, auto bodies, paper, carpet, computer scrap and other bulk materials for disposal and recycling (Shred-Tech).

Sales and operating revenues for this segment were \$47.5 million, \$63.6 million, and \$50.8 million for the years ended December 31, 1998, October 31, 1997 and 1996, respectively.

Discontinued Operations - 1998

Forged Products

On March 9, 1999 the Company's Board of Directors adopted a plan to dispose of the operations of Ameri-Forge Corporation (Ameri-Forge). Ameri-Forge is a leading manufacturer of forged steel flanges used to connect components of closed systems for processing and transporting liquids and gases, and undercarriage parts for track-mounted vehicles, such as bulldozers and excavators. This segment's products serve the oil and gas, petrochemical, construction, food and water treatment and heavy equipment manufacturers and users. In connection with the formal plans to divest, the Company recognized a \$58.8 million after-tax charge to earnings.

APG Lime

Also, on March 9, 1999 the Company announced it had entered into a definitive agreement to sell APG Lime Corp. (APG Lime) for an estimated \$134 million, including \$130.3 million in cash (subject to due diligence and post closing adjustments) and assumption of \$3.7 million in debt. APG Lime was acquired on July 1, 1998 as part of the acquisition of Green. APG Lime mines and processes limestone into lime for various industrial applications including steel and aluminum production, pulp and paper processing, soil stabilization for road construction, water and wastewater treatment and environmental applications.

Industrial Tool

On March 12, 1998 the Company announced the sale of its Industrial Tool operations (Intool) upon which it recognized an after-tax gain of \$81.7 million.

Intool manufactured and sold a complete line of high-quality pneumatic and electric assembly tools used primarily in the electronic, aircraft and automotive markets as well as maintenance and fabrication tools supplied primarily to petroleum refineries, chemical plants, foundries, steel mills and general industry.

The Industrial Tool divestiture and the planned divestitures of the Forged Products and APG Lime segments have been presented as "Discontinued Operations" in the accompanying financial statements.

3

<PAGE>

Other Divestitures

Effective February 1, 1998 the Company announced its intention to close the remaining manufacturing facility in Wakefield, England of the processing equipment division of British Jeffrey Diamond (BJD). In connection with the formal plans to divest, the Company recorded a \$2.4 million pre-tax charge in the second quarter of 1998.

On January 23, 1997, the Company announced its decision to divest a number of business units within the Mining and Specialty Equipment Division. The business units subsequently divested included the worldwide operations of Marion Power Shovel Company, the underground mining business of British Jeffrey Diamond, based in United Kingdom, and the Company's 50 percent partnership interest in KOMDRESCO, a South African mining and construction equipment manufacturer and distributor. In connection with the plans to divest, the Company recognized a \$43.5 million pre-tax charge to earnings in 1997 and a \$7.7 million pre-tax charge to earnings in 1998.

Profile and Type of Customers

Most customers of the Company are medium to large corporations or businesses, and medium to large distribution companies which serve them. Major customer groupings include large multi-plant integrated steel companies, medium single-plant integrated steel companies, mini-mill electric furnace steel companies, aluminum companies, cement and lime producers, flat glass and container glass producers, chemical plants, petroleum refineries, power plants, waste incineration companies, quarries, shredding and recycling companies and copper and other mineral refining companies. Customers are located throughout the world, including North and South America, Africa, Asia, the Far East, Europe and Australia. Certain customers are served by more than one operation of the Company.

International Sales and Exports

International sales and direct exports from the U. S. represented approximately 43 percent of the Company's consolidated sales for the year ended December 31, 1998. The Company believes that although a particular product or geographical region may be impacted severely by changed circumstances, the overall product market and geographical balance will be beneficial over an extended period.

Raw Materials

The Refractory Products and Minerals segment obtains its raw materials from sources throughout the world. Over 22 percent of all raw materials used in production of refractories by the Company's subsidiaries is controlled by the Company. The remaining 78 percent is purchased from worldwide sources including China, South Africa, South America and Canada. These percentages change from time to time depending on worldwide pricing. Dual sources of raw materials have been established on all critical materials.

Primary materials, such as bauxite, various magnesites, aluminas, chrome ores, silicas and graphite, are purchased under long-term procurement plans. High purity magnesium hydroxide, a critical material to Harbison-Walker, is obtained through an exclusive arrangement with Dow Chemical that has been periodically extended over the last 37 years. Unless further extended, as anticipated by the parties, the current contract will expire December 31, 1999.

The Company believes that other raw materials it requires are readily available from multiple sources and that the loss of an individual supplier would not have a material adverse effect on the Company's ability to procure necessary raw materials.

4

<PAGE>

Competition

The Company conducts operations in a variety of industries, most of which are highly competitive on both domestic and international levels. Some of the Company's major competitors are: Premier International Refractories, a division of Alpine Group, Inc., North American Refractories Company, a division of Radex-Heraklith Industriebeteiligungs AG (RHI), National Refractories and Minerals Corporation, and Martin Marietta Materials, Inc. in the Refractory Products and Minerals segment, and numerous niche competitors in the Company's other lines of businesses. The Company attempts to capitalize on its reputation and market position and competes on the basis of quality, innovation, product research and development, and market expertise as well as price.

Research, Development and Patents

The Company and its subsidiaries conduct research and development activities within their particular fields for the purposes of improving existing products and developing new ones to meet the needs of their customers. In addition, research and development programs are directed toward development of new products and services for diversification or expansion. Research and development costs charged to earnings were \$4.0 million, \$5.1 million and \$4.9 million during the years ended December 31, 1998, October 31, 1997 and 1996, respectively. Research and development expenses for continuing operations were \$3.9 million, \$3.7 million, and \$3.7 million for the years ended December 31, 1998, October 31, 1997 and 1996, respectively. Research and development expenses for discontinued operations were \$0.1 million, \$1.4 million, and \$1.2 million for the years ended December 31, 1998, October 31, 1997 and 1996, respectively.

As of December 31, 1998, the Company beneficially owned approximately 100 patents and had pending approximately 32 patent applications, covering various products and processes. It also is licensed under patents owned by others. The Company does not believe that any patent or group of patents relating to a particular product or process is material to the conduct of the Company's total business.

Backlog

The consolidated backlog of unshipped orders at December 31, 1998, October 31, 1997 and 1996 was \$128 million, \$96 million and \$84 million, respectively. Backlog levels vary significantly between the businesses of the Company where lead times range from less than a month to as long as 3 months. The Company expects the December 31, 1998 backlog to ship before December 31, 1999. For the large majority of the Company's products, the Company operates primarily on a book and ship basis. Backlogs reflect either capacity constraints or customer's request. The Company believes that its order backlog represents only a portion of the net sales revenue anticipated by the Company in any given fiscal period. The Company bases its manufacturing plans and expenditure levels primarily on its internal analysis of firm orders, current market conditions, sales forecasts

and communications with customers.

Sales and Distribution

The Company's products and services are marketed through various channels. In the United States, sales are generally made through a divisional sales organization, regional distribution centers or independent distributors. Sales in other countries are made directly by a United States division or subsidiary, through foreign subsidiaries or affiliates, through distributor arrangements or with the assistance of independent sales agents.

For each business segment, products are sold through a combination of direct worldwide sales by Company personnel and through distributors. Sales agents are sometimes used to facilitate U.S. export sales.

Employees and Labor Relations

As of December 31, 1998, the Company had approximately 2,875 employees in the United States of whom approximately 1,258 were members of five unions represented by six bargaining units. As of December 31, 1998, the Company had approximately 1,903 employees at foreign locations of whom approximately 1,300 were members of unions.

Management believes that relations between the Company and its employees are generally positive.

5

<PAGE>

Tender Offer

On October 5, 1998, WHX Corporation (WHX) announced that it had purchased approximately 2.2 million shares of common stock, representing approximately 9.9 percent of the Company. On December 17, 1998, WHX, through its wholly owned subsidiary GT Acquisition Corp. (collectively referred to as WHX), commenced an unsolicited tender offer for all of the shares of the Company's common stock (including the related preferred stock purchase rights) that it did not already own at a price of \$10.50 per share, net to the seller in cash, without interest thereon. On December 17, 1998, WHX filed its Tender Offer Statement on Schedule 14D-1, including its Offer to Purchase which set forth the terms of its tender offer. The tender offer is subject to numerous conditions, including among others, the Rights Condition, the Supermajority Condition, the Business Combination Condition and the Defensive Action Condition (each as defined in the Offer to Purchase). In response to WHX's unsolicited tender offer, the Company's Board of Directors unanimously rejected WHX's Offer to Purchase, setting forth a number of factors, including the opinion of the Company's independent financial advisors that the \$10.50 per share offer price is inadequate from a financial point of view, as more fully discussed in the Solicitation/Recommendation Statement filed by the Company on Schedule 14D-9 with the Securities and Exchange Commission on December 23, 1998. WHX's offer is currently scheduled to expire on April 15, 1999, unless further extended. The Company has retained the services of independent financial and legal advisors to assist it in connection with the WHX offer, and had incurred related costs of approximately \$.3 million during the year ended December 31, 1998. As of March 30, 1999, the Company's Board of Directors had not entered into discussions with WHX, or any other potential buyer regarding the consensual sale of the Company, or a substantial portion of its assets (other than those assets disclosed in Note C - "Discontinued Operations").

Item 2. Properties

The Company, together with its subsidiaries and unconsolidated affiliates, has continuing operations at more than 30 manufacturing plants, ranging in size from

approximately 15,000 square feet to in excess of 667,000 square feet and totaling more than 6,500,000 square feet, located in the United States, Canada and other countries. The majority of the manufacturing sites are owned. In addition, sales offices, warehouses, service centers and stock points are maintained, almost all in leased space, in the United States, Canada and other countries. The properties are adequate for the purposes for which they are used. They are believed to be utilized at productive capacities generally ranging from 50 percent to 100 percent, and overall are capable of supporting a higher level of market demand. In certain cases, an increase in productive capacity of the facilities can be realized through the addition of an extra shift of hourly laborers.

The Refractory Products and Minerals segment has manufacturing facilities in Alabama, Georgia, Indiana, Maryland, Michigan, Missouri, Ohio, Pennsylvania, Texas, Canada, Chile, Colombia, Germany, Indonesia, Mexico and United Kingdom.

Other continuing operations have manufacturing facilities in South Carolina, Wisconsin, Australia, Belgium, Canada, Chile, and Mexico.

Item 3. Legal Proceedings

The information contained in Note N to the Company's Consolidated Financial Statements, is incorporated herein.

Securities and Exchange Commission rules require the Company to describe certain governmental proceedings arising under federal, state or local environmental provisions unless the Company reasonably believes that the proceedings will result in monetary sanctions of less than \$100,000. The following proceedings are reported in response to this requirement. Based on the information currently available, the Company believes that such proceedings are not material to the business or financial condition of the Company.

The Environmental Protection Agency (EPA) and other private parties have named the Company as a potentially responsible party (PRP) in seven Comprehensive Environmental Response Compensation and Liability Act Sites (CERCLA), also known as superfund sites. The Company does not believe that it contributed hazardous wastes at four of these sites. Proceedings relating to three of them have not been active in the two preceding years. At a fifth site, a third party demand was received for contribution by the Company to the cost of remediation in the amount of \$135,000. The Company believes that it is a de minimis or de micromis contributor to the two remaining CERCLA sites.

6

<PAGE>

A Company subsidiary received an order from the Commonwealth of Pennsylvania in 1991 demanding remediation of a tract of land, a portion of which had been mined under lease by Harbison-Walker Refractories Company for a period of time prior to 1972. In March 1997, the Commonwealth's claim was fully resolved by entry of a consent decree providing for payment by the subsidiary of \$775,000 over the following five years.

Item 4. Submission of Matters to a Vote of Security Holders

No matter was submitted to a vote of security holders of the Company during the fourth quarter of the year ended December 31, 1998.

7

<PAGE>

PART II

Item 5. Market for Registrant's Common Equity and Related Stockholder Matters

Common Stock of Global Industrial Technologies, Inc. is traded on the New York Stock Exchange under the symbol GIX. Global's Common Stock was first traded on the New York Stock Exchange on August 3, 1992. As of December 31, 1998, there were 6,660 holders of record of Common Stock. No cash dividends were paid by the Company in 1997 or 1998. The high and low sales prices for Global's Common Stock during each quarterly period for fiscal 1998 (reflecting the Company's change in year end) and 1997 are set forth below:

<TABLE>

<CAPTION>

1998 ----	High -----	Low ----
<S>	<C>	<C>
Quarter Ended:		
March 31, 1998	\$17.375	\$ 14.563
June 30, 1998	\$18.625	\$ 13.75
September 30, 1998	\$15.375	\$ 5.563
December 31, 1998	\$11.375	\$ 6.75
1997 ----	High -----	Low ----
Quarter Ended:		
January 31, 1997	\$ 22.50	\$ 16.125
April 30, 1997	\$ 19.25	\$ 16.875
July 31, 1997	\$ 20.75	\$ 16.75
October 31, 1997	\$21.625	\$15.6875

</TABLE>

In August 1993, the Company announced its intention to repurchase up to 4.1 million shares of Common Stock. In August 1994, the repurchase program was increased by 2 million shares to provide for a total repurchase potential of up to 6.1 million shares. In 1997, the Board approved two plans for additional repurchases totaling up to 8.35 million shares. Through December 31, 1998, the Company had repurchased approximately 5.0 million shares. For additional information, see Note R to Global's Consolidated Financial Statements, which is incorporated in this Item 5 by reference.

<PAGE>

Item 6. Selected Financial Data

SELECTED FINANCIAL DATA

The following table summarizes certain selected financial information with respect to the Company that has been derived from the audited consolidated financial statements. The Company sold its Industrial Tool segment on March 12,

1998, and acquired Green on July 1, 1998. On March 9, 1999, the Company announced it had reached an agreement to sell APG Lime. Additionally, in March 1999, the Company announced its intention to dispose of the Forged Products segments. The information set forth below should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the consolidated financial statements and notes thereto included elsewhere in this Form 10-K.

<TABLE>

<CAPTION>

Consolidated Companies	Years Ended Octo			
	Year Ended December 31, 1998	Transition Period	1997	1996
<S>	<C>	<C>	<C>	<C>
	In millions, except per share			
Total revenues	\$ 496.0	\$ 61.7	\$435.1	\$500
Earnings (loss) from continuing operations	(51.0)	(5.0)	(24.6)	26
Earnings from discontinued operations	15.0	1.8	20.2	18
Cumulative effect of accounting change		(5.9)		
Net earnings (loss)	(36.0)	(9.1)	(4.4)	45
Per Share - Basic:				
Earnings (loss) from continuing operations	(2.32)	(.23)	(1.10)	1.
Earnings from discontinued operations	.68	.08	.90	.
Cumulative effect of accounting change		(.27)		
Net earnings (loss)	(1.64)	(.42)	(.20)	2.
Per Share - Diluted:				
Earnings (loss) from continuing operations	(2.32)	(.23)	(1.10)	1.
Earnings from discontinued operations	.68	.08	.90	.
Cumulative effect of accounting change		(.27)		
Net earnings (loss)	(1.64)	(.42)	(.20)	1.

</TABLE>

<TABLE>
<CAPTION>

	December 31, 1998	1997	1996
<S>	<C>	<C>	<C>
Balance sheet data			
Total assets	1,266.0	\$ 807.0	\$ 752
Long-term debt	202.6	151.8	136
Total shareholders' equity	234.5	284.1	299

</TABLE>

9

<PAGE>

QUARTERLY DATA

<TABLE>
<CAPTION>

Financial Results (unaudited)	1998 - Quarters		
	January 31	April 30	Sept
	In millions, except per		
<S>	<C>	<C>	<C>
Net sales	\$ 96.9	\$ 92.4	
Gross profit	21.8	17.9	
Earnings (loss) from continuing operations	(0.9)	1.2	
Earnings (loss) from discontinued operations	1.7	87.8	
Net earnings (loss)	\$ 0.8	\$ 89.0	
	=====	=====	
Basic earnings (loss) per share:			
Continuing operations	\$ (.04)	\$.05	
Discontinued operations	.08	4.00	
Net earnings (loss)	\$.04	\$ 4.05	
	=====	=====	
Diluted earnings (loss) per share:			
Continuing operations	\$ (.04)	\$.05	
Discontinued operations	.08	3.97	
Net earnings (loss)	\$.04	\$ 4.02	
	=====	=====	

	1997 - Quarters Enc		
	January 31	April 30	Ju
	Dollars in millions, exc		
Net sales	\$ 96.1	\$109.8	
Gross profit	25.4	27.8	
Earnings (loss) from continuing operations	(13.9)	6.3	
Earnings (loss) from discontinued operations	2.5	3.9	
Net earnings (loss)	\$(11.4)	\$ 10.2	
Basic earnings (loss) per share:			
Continuing operations	\$ (.61)	\$.28	
Discontinued operations	.11	.17	
Net earnings (loss)	\$ (.50)	\$.45	
Diluted earnings (loss) per share:			
Continuing operations	\$ (.61)	\$.28	
Discontinued operations	.11	.17	
Net earnings (loss)	\$ (.50)	\$.45	

</TABLE>

10

<PAGE>

Item 7. Management's Discussion and Analysis of Financial Conditions and Results of Operations

General Information

Throughout 1998, the Company took steps in accordance with its long-term strategic plan to divest non-core businesses and focus on growth in the refractory products and minerals business. The effects of these strategic initiatives are reflected in its 1998 financial results, primarily the gain of \$81.7 million recognized upon the sale of the Company's INTOOL operations and charges of \$103.3 related to other discontinued operations, asset impairments and restructuring of the Refractory Products and Minerals segment. Without regard to these charges, the Company's continuing operations generated losses of \$6.5 million in 1998.

Divestiture actions since December 31, 1997, include: sale on March 12, 1998, of INTOOL operations for \$229.2 million; announcement in May, 1998, of intention to close the British Jeffrey Diamond (BJD) manufacturing facility in England and exit the BJD processing business, resulting in a \$2.4 million charge; announcement on March 9, 1999 of (a) agreement to sell APG Lime operations for \$134 million, including assumption of debt of \$3.7 million (subject to due diligence and post closing adjustments), and (b) decision to sell the assets and business of Ameri-Forge.

A significant step in the Company's growth strategy for refractory products was

taken on July 1, 1998, when Green was merged with the Company upon completion of a previously announced tender offer for all of Green's outstanding shares. The purpose of the acquisition was to consolidate the refractories operations of Green and Harbison-Walker and realize planned annual synergies of at least \$22 million. At February 28, 1999, the Company had already achieved annual synergies of approximately \$30 million.

In July 1998, following the Green acquisition, the Company announced a restructuring plan involving (i) the aforementioned consolidation of refractories operations, (ii) termination of a refractories plant joint venture in Eufaula, Alabama, and (iii) the integration of CTI's operations with those of Harbison-Walker. The pre-tax charges associated with the restructuring plan aggregated \$42.1 million.

RECENT DEVELOPMENTS

Recent Board Actions

On March 29, 1999, the Company announced that its Board of Directors has retained an investment banking firm to assist the Company in exploring alternatives to improve shareholder value. In that regard, the Company's Board authorized management to examine a range of possible transactions which may include a merger or strategic combination. There can be no assurance that any such transaction will be completed or of the terms or timing of any such transaction.

Tender Offer

On October 5, 1998, WHX Corporation (WHX) announced that it had purchased approximately 2.2 million shares of common stock, representing approximately 9.9 percent of the Company. On December 17, 1998, WHX, through its wholly owned subsidiary GT Acquisition Corp (collectively referred to as WHX), commenced an unsolicited tender offer for all of the shares of the Company's common stock (including the related preferred stock purchase rights) that it did not already own at a price of \$10.50 per share, net to the seller in cash, without interest thereon. On December 17, 1998 WHX filed its Tender Offer Statement on Schedule 14D-1, including its Offer to Purchase which set forth the terms of its tender offer. The tender offer is subject to numerous conditions, including among others, the Rights Condition, the Supermajority Condition, the Business Combination Condition and the Defensive Action Condition (each as defined in the Offer to Purchase). In response to WHX's unsolicited tender offer, the Company's Board of Directors unanimously rejected WHX's Offer to Purchase, setting forth a number of factors, including the opinion of the Company's independent financial advisors that the \$10.50 per share offer price is inadequate from a financial point of view, as more fully discussed in the Solicitation/Recommendation Statement filed by the Company on Schedule 14D-9 with the Securities and Exchange Commission on December 23, 1998. WHX's offer is currently scheduled to expire on April 15, 1999, unless further extended. The Company has retained the services of independent financial and legal advisors to assist it in connection with the WHX offer, and had incurred related costs of approximately \$.3 million during the year ended December 31, 1998. As of March 30, 1999, the Company's Board of Directors had not entered into discussions with WHX, or any other potential buyer regarding the consensual sale of the Company, or a substantial portion of its assets (other than those assets disclosed in Note C - "Discontinued Operations").

APG Lime

On March 9, 1999, the Company announced that it had reached a definitive agreement to sell APG Lime for an estimated \$134 million (subject to the buyer's due diligence and prior to postclosing adjustments), including the assumption of \$3.7 million in debt. APG Lime operates plants in Kimballton, Virginia;

Ripplemead, Virginia; and New Braunfels, Texas, and is a 51% owner of Palmetto Lime LLC, which is constructing a lime processing facility in Charleston, South Carolina. The operating results of APG Lime for the period July 1, 1998 (date of acquisition) through December 31, 1998 are presented as discontinued operations. The operating results for the period January 1, 1999 through the date of sale, as well as the gain on sale, will be presented as discontinued operations in 1999. The assets and liabilities of APG Lime at December 31, 1998 have been reflected as "Net Assets Held For Sale," in the accompanying consolidated balance sheet.

11

<PAGE>

Ameri-Forge

On March 9, 1999, the Company's Board of Directors adopted a plan to dispose of the assets and business of Ameri-Forge. Ameri-Forge is comprised of two divisions: Industrial and Construction. The Industrial division is the leading domestic supplier of forged carbon steel flanges -- a critical component in the construction of closed systems for the transportation of liquids and gases. The construction division manufactures track chains, shoes, rollers, sprockets and other equipment used in track-mounted heavy construction vehicles.

In 1997 and 1998, prior to deciding to divest the Ameri-Forge operations, significant capital expenditures were made in an effort to establish the Construction division as a viable and qualified supplier of equipment to aftermarket distributors and dealers as well as original equipment manufacturers in the United States and abroad. The 1998 operating results of Ameri-Forge are presented as discontinued operations and reflect provisions for divestiture-related costs, including employee severance and contract cancellation payments, as well as anticipated losses prior to sale and a charge to reflect the estimated net realizable value of the assets to be sold.

The Company has restated its prior financial statements to present the operating results of Ameri-Forge as discontinued operations. The assets and liabilities of Ameri-Forge at December 31, 1998 have been reflected as "Net Assets Held For Sale," in the accompanying consolidated balance sheet.

Industrial Tool

On March 12, 1998, the Company sold the assets and business of INTOOL for cash consideration of \$229.2 million, including certain postclosing adjustments. INTOOL manufactured and sold a line of high-quality pneumatic and electric tools for industrial applications, including assembly and material removal.

In connection with the sale of INTOOL, the Company retained certain pension and postretirement benefits. The Company also retained liability for certain legal claims, primarily for known claims of alleged hearing loss and other injuries associated with the use of the Company's products, and for one-half of any such additional claims made during the five year period following the closing date. See description of these claims in Note N to Consolidated Financial Statements.

Change in fiscal year end

On July 30, 1998, the Board of Directors changed the Company's annual fiscal accounting period end from October 31 to December 31. Accordingly, under the new fiscal year calendar, the Company's quarters are comprised of three calendar months ending March 31, June 30, September 30, and December 31. Formerly, the Company's fiscal quarters were comprised of three calendar months ending January 31, April 30, July 31 and October 31.

Acquisition of A.P. Green Industries, Inc.

Global acquired A.P. Green Industries, Inc. (Green) effective July 1, 1998. The acquisition was effected through a public tender offer for Green's outstanding common stock at an offering price of \$22.00 per share followed by a merger and resulted in a total net cash purchase price of approximately \$199.8 million (net of \$2.4 million in cash acquired), including approximately \$24.7 million in other direct transaction costs such as severance and other change-in-control benefits, and accounting, legal and financial advisory fees. The purchase price was funded through cash on hand, issuance of the New Senior Notes (as defined in Note L - Notes Payable and Long-Term Debt), and unused lines of credit. The Company has accounted for the acquisition as a purchase, and, accordingly, the results of operations of Green have been consolidated with those of the Company as of July 1, 1998.

Green, together with its subsidiaries, conducted its business primarily in two business segments, Refractory Products and Industrial Lime. On March 9, 1999, the Company announced that it had reached a definitive agreement to sell the Industrial Lime operations. See Note C - "Discontinued Operations" for more information. Green operated a total of 22 plants in the United States, Canada, Columbia, Mexico, the United Kingdom and Indonesia. As more fully discussed below, the Company is currently in the process of closing seven of Green's refractory-producing facilities as part of its integration plans.

The acquisition of Green has allowed the Company to increase its share of worldwide sales of refractory products to the iron and steel sector, and is expected to increase its gross margin on these sales as a result of various cost reductions and manufacturing efficiencies. The Company believes this strategy, while increasing its penetration of the iron and steel market, will reduce its reliance on that sector. Supporting this belief is the fact that, in 1997, iron and steel producers accounted for approximately 55% of Harbison-Walker's sales, whereas sales to this sector made up only 30% of Green's total refractory revenues in the same time period.

The net purchase price has been allocated to the assets and liabilities of Green based on their estimated respective fair market values at the acquisition date. Fair market value of the acquired property, plants and equipment, net pension assets and obligations for other postretirement benefits was determined by independent third parties. The excess of purchase price over the fair market value of net assets acquired was assigned to goodwill, and is being amortized on a straight-line basis over 40 years. The resulting goodwill was allocated entirely to APG Lime, based on an assessment of fair market value of Green's individual business units. The net purchase price was allocated as outlined in Note D - Acquisitions and Divestitures in the accompanying Notes to Consolidated Condensed Financial Statements.

The allocated purchase price included a current liability of approximately \$16.7 million, which represents the Company's estimate of direct expenditures to be incurred in connection with the consolidation and integration of certain Green corporate functions and

12

<PAGE>

manufacturing facilities. Management's plans encompass the elimination of certain historical expenses of Green, particularly salary, benefits and various other associated direct overhead costs related primarily to the manufacturing, executive, legal, accounting, tax, engineering, sales and marketing functions. Such costs reflect the actual or planned closure and/or sale of seven of Green's manufacturing facilities and the termination of approximately 334 employees. The reserve includes charges for severance, employee relocation costs, and other employee termination payments (\$7.3 million); site restoration and other environmental exit costs (\$5.2 million); various contract termination costs and other costs directly associated with the consolidation and integration

activities (\$4.2 million). As of December 31, 1998, approximately \$7.9 million had been paid and charged against the reserve (primarily representing severance benefits and cost associated with divestiture of a manufacturing facility in order to address concerns expressed by the Federal Trade Commission). The liability has been established in accordance with the provisions of the Emerging Issues Task Force Release #95-3 (EITF 95-3), "Recognition of Liabilities in Connection with a Purchase Business Combination," and contains estimates of costs under the current plan which, although continually being refined, is expected to be completed within one year of the acquisition date. The reserve does not include those expenditures expected to result from reductions of the Company's own workforce and closing of duplicative Company facilities, as more fully described below under the heading "Restructuring Charges."

RESULTS OF OPERATIONS

Fiscal 1998 compared with fiscal 1997 - Overall Summary

The Company reported a net loss of \$36.0 million or \$1.64 per share for the twelve months ended December 31, 1998 compared to a net loss of \$4.4 million or \$.20 per share for the fiscal year ended October 31, 1997. Special charges of \$103.3 million or \$4.70 per share were recorded in fiscal 1998 compared to (\$36.0) million or (\$1.64) per share in fiscal 1997. Also included in 1998 results is an after tax gain of \$81.7 million from the sale of INTOOL.

Continuing operations

The Company reported a net loss from continuing operations of \$51.0 million or \$2.32 per share for the twelve months ended December 31, 1998 compared to a net loss of \$24.6 million or \$1.10 per share for the fiscal year ended October 31, 1997. The 1998 results from continuing operations include the following charges: restructuring charges of \$36.9 million; impairment of long-lived assets (primarily goodwill) of \$23.3 million; charge related to the 1997 divestiture of the Marion Power Shovel Company \$7.7 million; inventory write downs of \$3.8 million recorded in the Refractory Products and Minerals segment as a component of cost of sales; equipment repair and maintenance costs related to plant consolidations of \$2.6 million recorded in the Refractory Products and Minerals segment as a component of cost of sales; and a charge of \$2.4 million to provide for the shut-down costs associated with the BJD manufacturing facility in England. In addition, the 1998 results of operations include six months of the operating results of Green (excluding APG Lime) and twelve months of the operating results of Aken. Excluding these charges, the Company reported a net loss from continuing operations of \$6.5 million or \$.30 per share in 1998.

Included in the 1997 results from continuing operations is a special charge of \$43.5 million related to the divestiture of Marion Power Shovel Company, the underground mining business of BJD, and the Company's 50% partnership interest in KOMDRESCO. Also included in 1997 results is a charge of (\$3.0) million as a result of a write-down of certain assets (primarily inventory) within the Specialty Products segment and a \$2.7 million charge for the severance of 72 employees in the Refractory Products segment. Excluding the charges mentioned above, the Company reported a net profit from continuing operations of \$11.4 million or \$.52 per share for the fiscal year ended October 31, 1997.

Including Green and Aken, revenues for the twelve months ended December 31, 1998, of \$496.0 million increased \$60.9 million, or 14% from \$435.1 million in 1997. Segment operating results from continuing operations for the twelve months ended December 31, 1998, \$15.8 are down \$17.5 million, or 53% from \$33.3 million in 1997. Segment revenues and operating results are discussed individually below under the heading "Segment Results".

General corporate expenses for the twelve months ended December 31, 1998, of

\$22.3 million increased \$6.4 million, or 40% from \$15.9 million in 1997. Increases are primarily attributable to one time costs associated with the year end change, an increase in net expense relating to asbestos claims and general and administrative cost increases at corporate headquarters. In the fourth quarter of 1998, the Company reduced its corporate staff by 18%.

Interest expense of \$11 million increased \$3.5 million, or 47%, from \$7.5 million in 1997. The increase reflected the higher level of debt through 1998 compared to the prior year.

Other - net expense for the twelve months ended December 31, 1998, of \$2.3 million increased \$.6 million, from \$1.7 million for the twelve months ended October 31, 1997, primarily reflecting \$2.4 million in accrued costs incurred on the closure of the BJD operation in England in April, 1998.

Discontinued operations

13

<PAGE>

Included in 1998 results from discontinued operations are the following: twelve months of operating results for Ameri-Forge, six months of operating results for APG Lime which was acquired on July 1, 1998 and operating results for INTOOL through March 12, 1998. Also reported in discontinued operations is a gain on the sale of INTOOL of \$81.7 million, net of tax, offset by the accrual of an expected loss on the disposal of Ameri-Forge of \$58.8 million, net of tax. Included in 1997 results from discontinued operations are twelve months of operating results for Ameri-Forge and INTOOL.

Restructuring charges

During the year ended December 31, 1998, the Company recognized a pre-tax charge of \$36.9 million, of which \$31.7 million was recorded during the nine month period ended September 30, 1998 and the remaining \$5.2 million was recorded during the fourth quarter of 1998, to reorganize and restructure its Refractory Products and Minerals operations. In addition, the Company recognized a \$3.8 million inventory write-down, and approximately \$2.6 million in equipment repair and maintenance costs related to plant consolidations, both of which were recorded as a component of cost of sales. The restructuring consisted primarily of four parts: (i) the merging and integration of operations of Harbison-Walker and Green, (ii) the termination of a joint venture, (iii) charges pertaining to the consolidation and integration of CTI into Harbison-Walker and (iv) other cost reduction measures taken at the Company's corporate headquarters.

Concurrent with the acquisition of Green, management initiated plans to consolidate and integrate the operations of both companies through workforce reductions and the closure of duplicative facilities. During 1998, the Company announced the closure of three Harbison-Walker manufacturing facilities in the United States and the transfer of a production process from one plant to another. The Company has recorded a \$28.1 million charge for the entire plan, which includes the termination of approximately 391 employees (of which, approximately 338 had been terminated at December 31, 1998). Amounts contained within the restructuring include charges for severance (both statutory and contractual), pension plan curtailment losses and other employee termination payments (\$9.9 million); adjustments to reflect affected property, plant and equipment at their estimated value (less costs to sell), and site restoration costs (\$9.5 million); adjustments to reflect inventory of discontinued product lines at estimated net realizable value (\$2.2 million, charged to cost of sales); repair and maintenance costs associated with equipment transferred from closed plants (\$2.6 million, charged to cost of sales) and other estimated holding costs of vacated facilities and contract terminations (\$3.9 million).

In addition, during the third quarter, the Company decided to terminate a 50% owned refractory plant joint venture and is in the process of closing the facility it operates. The venture had produced calcium aluminates (as slag conditioners for the steel industry) and lightweight refractory grains for which the venture was unable to generate satisfactory sales or margins. As a result, an \$11.5 million charge was recorded during the third quarter of 1998, which included the write down of the Company's investment in, and net receivable from the joint venture (\$7.1 million); severance, pension plan curtailment loss and other payments resulting from the termination of approximately 25 employees (\$0.9 million); write down of Company-owned property, plant and equipment utilized solely by the joint venture to their estimated fair values (less costs to sell), and site restoration costs (\$1.2 million); adjustments to reflect Company-owned inventory of discontinued product lines at estimated net realizable value (\$1.6 million, charged to cost of sales); and various other exit costs, including contract termination penalties (\$0.7 million).

Management has also finalized plans to consolidate the manufacturing and administrative functions of CTI with those of Harbison-Walker. The move is being made in an effort to reduce costs and improve productivity and asset utilization by eliminating duplicative functions and taking advantage of existing facilities' excess capacity. Consequently, the Company recognized a charge of \$2.5 million during 1998. The charge consisted primarily of employee severance and contract termination costs.

14

<PAGE>

The remaining \$1.2 million in charges represents severance benefits related to the approximate 18% staff level reduction at the Company's corporate headquarters, located in Dallas, Texas.

The aforementioned charges are reflected in the accompanying consolidated statement of operations under the caption "Restructuring Charges", with the exception of \$3.8 million of inventory write-downs and \$2.6 million in equipment repair and maintenance costs, which are included in cost of sales. The Company estimates that actions it has already taken will generate annualized cost savings in excess of \$30 million as a result of its restructuring plan (inclusive of actions taken regarding the former Green facilities), and expects additional cost savings to result from further planned actions. As discussed under segment information, however, the Company's results of operations have yet to reflect the full impact of these savings due to the decrease in sales from historical levels.

Management expects to complete all parts of the restructuring plans by the end of 1999, with the majority of the remaining cash expenditures to occur during the first half of 1999. Given the nature of the costs reflected herein, increases or decreases may be necessary throughout the tenure of the Company's restructuring plans. Any such changes will be reflected in the statement of operations as incurred, and classified in the manner discussed above.

The Company is also estimating that approximately \$11.3 million of additional cash expenditures associated with these plant closures and consolidations will be incurred throughout 1999. These additional costs consist primarily of equipment repairs and capital expenditures associated with plant reconfigurations and relocating machinery and equipment to continuing manufacturing facilities. Approximately \$3.3 million (pre-tax) will be charged to earnings as incurred, with the remainder recorded as an increase to property, plant and equipment.

Impairment of goodwill and other long-lived assets

During the third quarter of 1998, the Company recognized a pre-tax impairment loss of \$23.3 million reflecting management's estimates that actual operating

cash flows will be insufficient to recover the carrying amount of goodwill and other long-lived assets. The loss, which is presented under the caption titled "Impairment of long-lived assets" on the accompanying consolidated condensed statements of operations, represents an impairment of goodwill generated in the 1996 acquisition of CTI (\$22.0 million) and the write down of the carrying amounts of various permanently idled machinery and equipment at the Harbison-Walker division (\$1.3 million).

Depressed copper, zinc and nickel prices, the ongoing economic disruption in the Asia-Pacific region and additional market knowledge gained through CTI's alliance with Anticorrosivos Industriales Ltd. ANCOR caused the Company to reassess the carrying value of long lived assets (primarily goodwill) at CTI. The estimated expected future cash flows (undiscounted and without interest) of CTI was less than the carrying amount of goodwill. Accordingly, an impairment loss was recognized for the excess of the carrying amount of the impaired assets over their respective fair market values. Estimated fair market value was based on the discounted expected future cash flows from the use of these assets. The impairment loss recognized was allocated entirely to goodwill, resulting in a remaining net carrying value of approximately \$14 million at December 31, 1998. In addition, the Company changed the estimated remaining useful life of goodwill from approximately 37 years to 10 years, to reflect management's reassessment of the CTI business. As a result, the related amortization expense will increase from approximately \$1 million per year to \$1.4 million per year, prospectively, beginning in 1999.

Change in accounting principle

The Company adopted AICPA Statement of Position 98-5, (SOP 98-5) "Reporting on the Costs of Start-Up Activities." The effect of the change is reflected as a cumulative effect of change in accounting in the Transition Period ended December 31, 1997.

Special Charges

In 1998, the Company recognized a pre-tax charge of \$7.7 million in addition to the pre-tax charge of \$43.5 million recognized in 1997 primarily relating to the sale of the assets and business of Marion Power Shovel Company (Marion). The 1998 charge relates to retained assets and liabilities pursuant to the sale agreement including maintenance and disposal of manufacturing and warehouse facilities in Ohio certain benefit plans for retired employees; certain warranty claims and other general indemnity claims. In 1997, the Company estimated those future obligations, however the carrying costs of the retained real property over a longer period of time along with estimated selling costs for their ultimate disposition are expected to exceed the 1997 estimates. The Company believes that the 1998 charge of \$7.7 million will be adequate for future obligations, excluding periodic costs for the maintenance of retained benefits plans.

15

<PAGE>

Fiscal 1997 compared with fiscal 1996

The Company reported a net loss in 1997 of (\$4.4) million, compared to net earnings of \$45.4 million in 1996, an unfavorable variance of \$49.8 million. From continuing operations, the Company reported net earnings of \$11.4 million before special charges, restructuring and inventory write downs of \$36.0 million, compared to net earnings of \$26.6 million in 1996.

Consolidated revenues from continuing operations of \$435.1 million decreased (\$64.9) million or 13% from \$500 million in 1996. The decrease is primarily due to the divestiture of certain non-core businesses, primarily Marion, which reduced revenues in 1997 by \$116.3 million from 1996. The decrease was offset by

increased revenues in the Refractory Products and Minerals segment of \$33.7 million (primarily project revenue) and increased revenues in other continuing operations, primarily CTI, of \$18 million.

Included in the 1997 operating results of \$33.6 million is a special charge of \$43.5 million related to the divestitures of Marion Power Shovel Company, the underground mining business of BJD, and the Company's 50% partnership interest in KOMDRESCO. Also included in 1997 results is a charge of \$3.0 million as a result of a write-down of certain assets (primarily inventory) within the Specialty Products segment and a \$2.7 million charge for the severance of 72 employees in the Refractory Products and Minerals segment. Excluding these charges, the Company reported a net profit of \$11.4 million or \$.52 per share compared to a net profit of \$26.6 million for the period ended October 31, 1996. The decrease of \$15.2 million from 1996 to 1997 is primarily due to the divestiture of Marion and other non-core businesses \$6.8 million, lower profit margins on sales of mineral products including mineral property sales \$5.5 million, higher interest expense in 1997 of \$1.9 million and differences in foreign exchange gains from 1996 to 1997 of \$2.6 million.

Interest expense of \$7.5 million in 1997 increased \$1.9 million, or 34% from \$5.6 million in 1996. The increase reflected the higher level of debt throughout the fiscal year compared to the prior year.

Other, net was an expense of \$1.7 million for 1997 compared to income of \$8.9 million in 1996. The 1997 expense primarily reflects the \$2.7 million restructuring charge for the Refractory Products and Minerals segment. Net income of \$8.9 million in 1996 included miscellaneous asset sales of \$3.2 million, a favorable foreign exchange gain of \$2.6 million and earnings from partnership operations of \$2.3 million.

The income tax provision, or benefit, was a benefit in fiscal 1997 of \$2.3 million, or 35 percent of losses before taxes, compared to a provision of \$10.0 million, or 18 percent of earnings before taxes, in 1996. The 1996 tax provision included a benefit of \$9.1 million relating to valuation allowance adjustments, that relate primarily to reassessments of the Company's ability to realize the related deferred tax assets based upon continued worldwide profitability of the Company. Due to the losses before taxes in fiscal 1997, the valuation allowance on these tax related deferred assets was not adjusted in fiscal 1997.

The Company's consolidated backlog of unshipped orders from continuing operations was \$96.0 million at October 31, 1997, compared with \$84 million at October 31, 1996, an increase of \$12.0 million, or 14 percent. The increase is primarily attributable to project orders for the Refractory Products and Minerals segment.

16

<PAGE>

INDUSTRY SEGMENT ANALYSIS

Refractory Products and Minerals Segment

The table below shows revenues and operating profits for the Refractory Products and Minerals Segment whose operation are conducted through Harbison-Walker and its affiliates, including Refmex, the largest Mexican producer of refractory products, and RECSA, the largest supplier of refractory products to the Chilean copper and steel markets. Effective June 2, 1997, the Company acquired all of the refractory related assets of Lota-Green in Chile for \$13.6 million, which, combined with RECSA, added production capacity and extended the penetration of the Company's refractory products into other South American countries included

in the Mercosur trade agreement. On December 31, 1997, the Company acquired all of the outstanding shares of Magnesitwerk Aken GmbH (Aken) or ("Aken"), a refractory products company located in Aken, Germany, for approximately \$8.4 million (including \$2.0 million which may be payable over a three year period if certain earnings considerations are met). On July 1, 1998, the Company acquired all of the outstanding shares of A.P. Green Industries, Inc. for \$199.8 million (net of \$2.4 million in cash acquired).

See Note D to the consolidated financial statements for further information.

<TABLE>

<CAPTION>

In millions of dollars	1998	1997	1996
-----	----	----	----
<S>	<C>	<C>	<C>
Segment revenues	\$444.2	\$365.1	\$331.4
Segment operating profit	15.0	31.9	39.2

</TABLE>

For 1998, the Refractory Products and Minerals segments were combined in accordance with Statement of Financial Accounting Standards No. 131 (FAS131), "Disclosures about Segments of an Enterprise and Related Information," which the Company adopted for the fourth quarter of 1998.

Revenues for the twelve months of \$444.2 million increased \$79.1 million, or 22%, from \$365.1 million in 1997. The increase in revenues resulted primarily from the acquisitions of Green and Aken, which contributed \$126.7 million through December 31, 1998. Also contributing to the increases, although to a lesser extent, were full year revenues of Lota Green. Excluding the contributions from Green and Aken, revenues decreased \$47.6 million, or 13%. The decrease was primarily due to the lack of repeat project revenue of \$29.8 million recognized in 1997 for two coke oven projects - a blast furnace project and a cement project. By the end of first quarter of 1999, the company had already booked \$17 million in project sales which will ship throughout the year revenues in 1998 were further reduced by approximately \$8.7 million due to a sharp rise in the fourth quarter of 1998 in United States and Mexico steel imports from China, Brazil, Southeast Asia and the former Soviet Union, due to economic conditions in these regions, and a comparatively strong U.S. dollar. Also contributing to lower sales was the effect of prevailing exchange rates between the U.S. dollar and European currencies on Harbison-Walker's ability to competitively price exports of minerals.

Green's sales were short of the Company's expectations for the six months following the acquisition on July 1, 1998 due in part to the factors discussed above, as well as a temporary reduction in employee productivity related to the combination of the Green and Harbison-Walker refractories businesses. There was also a shifting of purchases by some Green and Harbison-Walker customers to alternative suppliers during the early part of the business integration period and a withdrawal by Harbison-Walker from certain low margin or negative margin sales accounts. By the end of 1998, sales disruptions from the acquisition had decreased and customer bookings began to recover.

Operating results for 1998 of \$15.0 million were down \$16.9 million, or 53% from \$31.9 million in 1997. Operating results for the last six months of the year include those of Green and Aken which reported a loss of \$2.1 million in 1998 for the full year. Also contributing to operating results in 1998 was the full year effect of Lota Green. Excluding the net loss from Green and Aken, operating results decreased \$14.8 million, or 46% from 1998. The decrease is primarily the result of the following: (i) the effect of the aforementioned sales decreases particularly the absence of project contracts and pricing pressures, (ii) recognition of approximately \$3.8 million in inventory write-downs during the

third quarter of 1998 as part of the Company's overall restructuring plan, (iii) recognition of approximately \$2.6 million in equipment and inventory relocation costs in the fourth quarter of 1998 as part of the Company's overall restructuring plan, and (iv) increased depreciation of \$3.3 million. The decreases were partially offset by operating earnings of Lota Green and manufacturing efficiencies as well as and general and administrative cost savings during the year, resulting from the combination of Company and Green. By the end of 1998, the Company had achieved approximately 90% of targeted synergies between Harbison-Walker and Green through workforce reductions and plant rationalization projects. The financial impact of those cost reductions will be realized in 1999 and subsequent years.

17

<PAGE>

In fiscal 1996, the peso exchange rate dropped 10 percent from \$.14 per Mexican peso to a little more than \$.12 per Mexican peso. From the latter part of December 1994, through the end of October 1995, the peso exchange rate fell from approximately \$.29 to \$.14 per new Mexican peso. This devaluation resulted in a reduction in the net book value of Refmex of \$38.1 million in fiscal 1995 and \$3.3 million in fiscal 1996 for a total accumulated devaluation of \$41.4 million which is reflected in the cumulative translation adjustment.

Statement of Accounting Standards No. 52 ("FAS 52") requires that operations in highly inflationary economies be accounted for as if the functional currency of the operations were the U.S. dollar. The Company began reporting its Mexican operations as highly inflationary beginning with the quarter ended April 30, 1997. Beginning January 1, 1999, the Company will cease to report the results of operations in Mexico as highly inflationary, since cumulative inflation in Mexico over the past three years is less than 100%.

All Other

- - - - -

The table below shows revenues and operating profit for all other businesses of the Company including Shred Tech, Jeffrey, and CTI. This segment produces processing and recycling products used in various industrial markets and advanced engineered polymer concrete shapes, including single piece polymer concrete electrolytic refining cells used in the copper and other non-ferrous metals refining industries.

<TABLE>

<CAPTION>

In millions of dollars	1998	1997
- - - - -	- - - - -	- - - - -
<S>	<C>	<C>
Segment revenues	\$47.5	\$63.6
Segment operating profit	.8	1.4

</TABLE>

Revenues for the twelve months of \$47.5 million were down \$16.1 million, or 25% from \$63.6 million in 1997, due primarily to the effect of copper pricing on the CTI business. The processing and recycling business also reported a decrease primarily due to, customer deferral into 1999 of delivery of a computer scrap system built in 1998 by ShredTech.

Operating earnings (loss) for the twelve months ended December 31, 1998 of \$.8 million were down \$.6 million from 1997's earnings of \$1.4 million. Operating results for 1997 included an unusual adjustment of \$3.0 million, representing an inventory write-off at the Processing group. Excluding the unusual charges in

1997 and 1998, operating results decreased \$3.6 million or 82% primarily due to sales decreases from the CTI business described above offset by margin improvements and operating cost decreases in all operations.

The significant drop in copper, zinc and nickel commodity prices since the last quarter of 1997 has had a material adverse effect on operating results of this segment for 1998. Also, economic conditions in Asia stalled sales of nonferrous metals refining equipment and, as a result, depressed CTI sales and operating profits. CTI has taken steps to attempt to decrease its dependency on the nonferrous metal markets by forming a worldwide business alliance with a competitor ANCOR, which is intended to increase sales to other polymer concrete markets, including pulp and paper, food processing, and chemical processing. The alliance is also intended to permit the partners to negotiate reduced raw material costs with its vendors, and to lower operating costs by closing or consolidating plants which had operated at lower levels of capacity utilization. In addition, the Company in conjunction with a licensee, is in the preliminary stages of marketing polymer concrete pipe products for the municipal wastewater market through its Polymer Pipe Technology Venture.

The Company has also taken steps to consolidate the manufacturing and administrative functions of the CTI/ANCOR alliance with those of Harbison-Walker. This move was made in further effort to reduce costs and improve productivity and asset utilization through elimination of duplicative functions and facilities. CTI expects to begin realizing the benefits of this move in 1999. Although the integration with Harbison-Walker and reduced raw material costs are expected to positively impact operating results over the next twelve months, a significant increase in CTI sales volume is not expected until copper prices recover.

The aforementioned events and circumstances affecting the markets in which CTI operates, including knowledge of market conditions gained from the alliance with ANCOR, caused the Company to reassess the carrying value of the CTI business under FAS121, "Impairment of Long-Lived Assets." Accordingly, the Company recognized a pre-tax charge of \$22 million during the third quarter of 1998, representing an impairment of CTI long-lived assets (see Note H in the accompanying footnotes to the condensed consolidated financial statements for more information).

18

<PAGE>

LIQUIDITY, CAPITAL RESOURCES AND FINANCIAL CONDITION

Cash and cash equivalents were \$ 8.4 million at December 31, 1998, (\$6.5) million (44%) lower than at October 31, 1997. Net cash used by operating activities was \$80.3 million during the year ended December 31, 1998, reflecting the operating loss from continuing operations coupled with working capital increases. The increase in working capital during the period is due primarily to increase in discontinued operations (13.0), increase in asbestos insurance recoveries (\$21.3) million, decreases in accounts payable, and other accrued liabilities (\$40.5 million) and increase in accounts receivable from affiliates (\$7.0) million. The aforementioned increases in working capital were offset, in part, by a \$ 6.9 million decrease in receivables and a \$2.9 decrease in inventories from continuing operations.

Excluding the net assets held for sale, the Company's current ratio at December 31, 1998 of .97 to 1 was 33% lower than October 31, 1997, primarily resulting from the reclassification of \$175 million of debt outstanding under revolving credit facilities to current liabilities (as discussed below).

Net cash used in investing activities was \$36.5 million and \$19.1 million for the years ended December 31, 1998 and October 31, 1997, respectively. Capital

expenditures remained relatively constant at \$59.3 million compared to \$64.4 million, respectively, in the Refractory Product and Minerals segment. Approximately 25% of capital expenditures during the year ended December 31, 1998 were made by the Company's refractory companies. Cash used for capital expenditures was offset, in part, by approximately \$230 million in proceeds from the sale of INTOOL, net of approximately \$199.8 million (net of cash required) in cash used to fund the Green acquisition.

Net cash provided by financing activities was \$103.9 million and \$8.4 million for the year ended December 31, 1998 and October 31, 1997, respectively. The significant increase primarily reflects borrowings to fund capital expenditures, the acquisition of Green and working capital needs, net of proceeds received from the sale of INTOOL. At December 31, 1998, the Company had total debt of \$379.3 million (including approximately \$40 million assumed in the Green acquisition), resulting in a total debt to total capitalization ratio of .62 to 1, and a total debt to stockholders' equity ratio of 1.61 to 1. The comparable amounts for the year ended October 31, 1997, were total debt of \$199.0 million, total debt to total capitalization of .41 to 1 and total debt to stockholders' equity of .70 to 1. The resulting decreases primarily reflect losses incurred in 1998.

During the third quarter of 1998, the Company obtained a three-year \$215 million unsecured variable rate revolving credit facility ("Credit Facility") with a syndicate of banks and issued, in a private placement \$75 million in unsecured notes bearing a fixed rate of interest of 6.83% per annum, with the entire principal balance due on June 30, 2008. On October 2, 1998, the Company issued an additional \$25 million in unsecured notes in a private placement bearing a fixed rate of interest of 7.05% per annum, with the principal balance due in equal annual installments of \$5 million, beginning on October 2, 2006 and ending on October 2, 2010.

At December 31, 1998 the Company had \$175 million outstanding under the Credit Facility and \$175 million in private placements, including the \$100 million of senior notes issued in 1998, as discussed above (collectively referred to herein as the "Private Placements"). These issues contain certain affirmative and negative covenants which, among other matters, require compliance with various financial ratios and thresholds (customary in such agreements). The Credit Facility and Private Placement agreements also include provisions whereby an event of default under any of the Company's other debt agreements may also constitute an event of default under these agreements. As a result of losses sustained from continuing operations and the loss on disposal resulting from the decision to sell Ameri-Forge, the Company amended certain provisions of the Credit Facility and Private Placement agreements as of December 31, 1998. The primary effect of the amendment on the Credit Facility was to (i) lower the required minimum consolidated net worth limit from \$280 million to approximately \$215 million through July 31, 1999, which increases to \$325 million on August 1, 1999, and continues at such level thereafter and (ii) reduce the facility from \$215 million to \$140 million upon consummation of the APG Lime sale. The Private Placement agreements were amended to provide for; (i) a reduction in the required minimum consolidated tangible net worth limit, as defined from \$280 million to approximately \$215 million, which increases to \$325 million on July 31, 2000 and (ii) an increase in the maximum amount of debt to capitalization from 55% to 64%, decreasing to 45% over the next 12 months. In addition, the Private Placement agreements require the Company to replace or otherwise terminate its existing Credit Facility by no later than August 1, 1999, in order to avoid incurring additional interest. If the Company does not, the effective interest rate on all notes issued under the Private Placements will increase by 400 basis points, and the Company will be required to pay a one-time fee of \$875,000.

Management believes that if the Credit Facility is not replaced or renegotiated by August 1, 1999, the Company will be in technical default of the covenant to attain a minimum amount of consolidated net worth of \$325 million by that date.

As a result, the Company has classified the \$175 million outstanding under the Credit Facility as a current liability in its consolidated balance sheet at December 31, 1998, as required by the Emerging Issues Task Force release #86-30, "Classification of Obligations When a Violation is Waived by the Creditor" ("EITF 86-30"). The Company has classified the \$175 million outstanding under the Private Placements as long-term in accordance with EITF 86-30. However, if the Company (i) fails to meet the minimum consolidated net worth limit of \$325

19

<PAGE>

million at August 1, 1999 or (ii) fails to replace, renegotiate or otherwise terminate the Credit Facility by August 1, 1999, a "cross default" is probable under the Private Placements and will cause indebtedness under them to be classified as current at that time. If such an event occurs, the Company will either have to refinance its existing indebtedness, or it will have to seek alternative sources of funding including, but not limited to, additional asset sales, private and/or public placements of debt, a secondary equity offering, or some combination thereof. There can, however, be no assurance that such actions will be successful, or that such funding will be available to the Company at that time.

The Company had \$8.4 million in cash and cash equivalents on hand at December 31, 1998, and committed and discretionary unused lines of credit of \$60.4 million. The Company's net working capital deficiency (excluding assets held for sale) was approximately \$17 million at the end of 1998, primarily as a result of the classification of amounts outstanding under the Credit Facility as a current liability. Although there can be no assurance, based on its current financial forecasts management believes that internally-generated funds and borrowings under existing credit facilities will be adequate to meet its principal and interest obligations, working capital and capital expenditure requirements during 1999 (in the absence of an acceleration of principal payments under the Credit Facility and Private Placements, as discussed above). However, such current sources of funds may not be adequate to meet these obligations and/or support the Company's growth strategy beyond 1999. To partially address this situation, and to further its strategy of focusing primarily on its core refractory businesses, on March 9, 1999 the Company announced that it had entered into a definitive agreement to sell the APG Lime operations for \$134 million, including \$130.3 million in cash subject to due diligence by the buyer and post-closing adjustment. Management expects the sale to be completed in May 1999. The Company also announced at that time its intent to sell the assets and business of Ameri-Forge, which management expects to be complete by the end of 1999. The Company has been actively marketing the Ameri-Forge operations to potential buyers, and management believes the Company will realize significant proceeds from the divestiture, although less than their net book value. See NOTE - C "Discontinued Operations" in the Notes to consolidated financial statements, contained in Item 8 - Financial Statements, of this Form 10-K, for more information on these planned divestiture. The Company plans to use the majority of the proceeds from the aforementioned divestiture to reduce indebtedness and/or repurchase Company common stock.

In addition, the Company plans to renegotiate the terms of the Credit Facility by August 1, 1999 or refinance indebtedness thereunder on terms which would be more consistent with the Company's current organizational structure and capital requirements. Management believes, based on preliminary discussions with the banks within the syndication, that the Company will be able to reach a satisfactory agreement by August 1, 1999 and avoid the covenant breach discussed above. The new agreement will, in all likelihood, contain terms that differ from those included in the Credit Facility's current agreement, possibly materially. The results of the Company's efforts to sell APG Lime and Ameri-Forge will have a significant effect on its ability to renegotiate or refinance the Credit Facility by August 1, 1999. There can be no assurance that such attempts will be successful.

Risk management

From time to time, the Company utilizes various derivative financial instruments, in order to limit its exposure from changes in foreign currency exchange rates, commodity prices and interest rates. In September 1998, the Company entered into two interest rate swap contracts, the objective of which was to convert a portion of its variable interest rate debt to fixed rate. These contracts have a total notional principal amount of \$75 million and mature in approximately three years. The terms of the swaps provide for the Company to pay a fixed amount quarterly, based on an annual weighted average interest rate of approximately 5.20%. In exchange, the Company will receive a variable amount based on LIBOR, as reset quarterly. The Company has designated these contracts as hedges of \$75 million in variable rate debt currently outstanding under its Credit Facility, which has been drawn under the LIBOR-based borrowing option. Accordingly, gains and losses realized under the swap agreements will increase or reduce interest expense recorded under the Credit Facility. The swaps, therefore, serve to "fix" the underlying component of a portion of the Credit Facility susceptible to market fluctuations, (i.e. the LIBOR component). The interest rate applicable to LIBOR borrowings under the Credit Facility may still fluctuate despite these hedging arrangements depending upon changes in the Company's ratio of Funded Debt to EBITDA. These contracts did not have a material impact on the Company's results of operations for the year ended December 31, 1998. Fair market value of the contracts, as obtained from the respective banks, was approximately (\$.3 million) at December 31, 1998.

20

<PAGE>

BACKLOG

- - - - -

The Company's backlog of unshipped orders from continuing operations at December 31, 1998 was \$128 million compared to \$96 million on October 31, 1997. Backlog by segment was as follows:

<TABLE>

<CAPTION>

In millions of dollars	1998	1
- - - - -	- - - -	
<S>	<C>	<C>
Refractory Products and Minerals	\$118	\$
All Other	10	
	- - - -	-
Total	\$128	\$
	=====	=

</TABLE>

New Accounting Standards

- - - - -

See NOTE S - "RECENTLY ISSUED STATEMENTS OF FINANCIAL ACCOUNTING STANDARDS" in the Notes to consolidated condensed financial statements, contained in Item 8 - Financial Statements, of this Form 10-K.

EFFECT OF THE EURO

On January 1, 1999, eleven of the fifteen member countries of the European Union

established fixed conversion rates between their existing sovereign currencies ("legacy currencies"), and adopted the Euro as their new common legal currency. As of that date, the Euro now trades on currency exchanges, and the legacy currencies remain legal tender in the participating countries for a transition period between January 1, 1999 and January 1, 2002.

During this transition period, electronic payments can be made in the Euro, and parties can elect to pay for goods and services, and transact business using either the Euro or a legacy currency. Between January 1, 2002 and July 1, 2002, the participating countries will introduce Euro notes and coins and withdraw all legacy currencies from circulation.

The Company is currently assessing the effect of the Euro on its pricing/marketing strategy, existing contracts and its information systems. The Euro conversion may effect cross-border competition by creating cross-border price transparency and, as a result, the Company's currency risk for operations in participating countries (primarily the Company's refractory operations in Aken, Germany) may be reduced. In addition, the Company is implementing new accounting, finance and operating systems, which are fully equipped to operate effectively in the Euro environment. These systems are expected to be fully implemented by mid-1999. The Company will continue to evaluate issues involving the introduction of the Euro, but based on current information and the Company's current assessment, the Euro conversion is not expected to have a material effect on its business or financial condition.

YEAR 2000 ISSUE

The Year 2000 Issue is the result of computer programs having been written using two digits rather than four to define a specific year. Absent corrective actions, a computer program that has date sensitive software may recognize a date using "00" as the year 1900 rather than the year 2000. This could result in system failures or miscalculations causing disruptions to various activities and operations.

The Company previously initiated assessments to identify the work efforts required to assure that systems supporting the business successfully operate beyond the turn of the century. The scope of this work effort encompasses information technology systems and systems utilizing embedded technology, such as microcontrollers.

Plans for achieving Year 2000 compliance were finalized during 1997, and implementation work was underway by December 31, 1997. The initial phases of this work, an inventory and assessment of potential problem areas, have been essentially completed. Modification and testing phases continue, with most required system modifications to mission critical systems planned for completion

21

<PAGE>

by July 1, 1999. The Company has already completed its information systems implementation/modification for its domestic and Canadian operations, and Refmex, Recsa, and Aken are scheduled to be completed by the end of the second quarter of 1999. A significant portion of the Company's direct risk in the information system area will be mitigated by the implementation of new accounting, finance and operating systems, which is expected to be completed by mid-1999. Although not purchased specifically for the purpose of avoiding such risks, these systems are, nevertheless, fully "Year 2000" compliant.

With respect to embedded technology other than information systems, the Company has assessed its risk of major malfunctions to be relatively low at its continuing operations, since most of its production machinery and equipment is not numerically controlled. In any event, non Year 2000 compliance would have only a minimal impact on manufacturing capacity. However, as a precautionary

measure, the Company plans to curb the use of kilns at its refractory operations on December 31, 1999 and January 1, 2000, in order to prevent potential disruptions. This act is not expected to have a material impact on the Company's results of operations. Ameri-Forge has several numerically controlled machines, such as presses, rolling mills, heat treatment equipment and multi-dimensional drills and lathes; most of which has been purchased within the last 36 months. The Company is currently working with the equipment's manufacturers to obtain Year 2000 compliance information, testing is substantially complete for Refractory Products and Minerals Division, and is underway at Ameri-Forge.

Attention has also been focused on compliance attainment efforts of vendors and others, including key system interfaces with customers and suppliers. Most key suppliers and business partners have been, or will be contacted for clarification of their Year 2000 plans. These surveys were completed in the U.S. in January 1999 and surveys for international operations are expected to be completed by May 1999. Notwithstanding the efforts described above, the Company could potentially experience disruptions to some aspects of its various activities and operations, including those resulting from non-compliant systems utilized by unrelated third party governmental and business entities, for example, banks and suppliers and other businesses on which the Company's vendors and customers rely to conduct operations.

Management believes that most potential malfunctions occurring within its information systems environment can be mitigated with manual processing of transactions. However, the risk of disruptions to operations caused by non-Year 2000 compliant systems of customers, suppliers, and unrelated third parties remains. Likewise, the Company does not have contingency plans in place to envoke, should such an event, or series of events occur. The possibility does therefore exist that any such disruptions could have a material adverse effect on the Company.

The Company does not anticipate any consequential warranty and/or product liability claims arising from the use of embedded microprocessor technology in its products.

The Company expenses all Year 2000 costs as incurred. Through December 31, 1998, less than \$100,000 of costs had been incurred in the Company's efforts to achieve Year 2000 compliant systems (exclusive of costs associated with the purchase and installation of new hardware and software, more fully discussed above). The ultimate total cost to the Company of achieving Year 2000 compliant systems is currently estimated to be less than \$500,000, to be expended primarily over the 1998-1999 timeframe. The Company has increased its overall information systems budget to accommodate the aforementioned Year 2000 compliance projects, but has not delayed other critical information systems work due to these efforts. Incremental costs incurred strictly due to Year 2000 compliance issues are not expected to have a material impact on the Company's results of operations, financial condition or liquidity.

22

<PAGE>

Item 7A. Quantitative and Qualitative Disclosure About Market Risk

The Company has market risk exposure arising from changes in interest rates and foreign exchange rates. The Company has, from time to time, used financial instruments to offset such risks. Financial instruments are not used for trading or speculative purposes.

The Company's earnings are affected by changes in short-term interest rates as a result of borrowings under its revolving credit facility which bear interest based on floating rates (LIBOR) plus a fixed spread, based on the Company's

ratio of Funded Debt to EBITDA. The Company has entered into interest rate swaps to offset the impact of a significant rise in interest rates on its floating rate debt and may do so in the future. At December 31, 1998, the Company had \$175 million of these debt obligations outstanding with variable interest rates with a weighted average interest rate of 7.10%. A hypothetical 10% increases the effective interest rate, assuming the debt levels of December 31, 1998, would change interest expense by approximately \$936,000. As of December 31, 1998 and 1997, the Company had \$75 million, and \$10 million, of interest rate swaps in place, respectively.

The Company's foreign operations primarily use their local currency as their functional currency, with the exception of Chile, Indonesia and Mexico, which, as of December 31, 1998, utilized the US dollar as functional currency. Subsequent to December 31, 1998, Mexico switched back to the Mexican peso as its functional currency, as Mexico was no longer deemed hyperinflationary.

For subsidiaries that utilize their foreign currency as the functional currency, foreign currency transaction exposures relate to both accounts receivable and accounts payable denominated in currencies other than the functional currency, as well as US dollar payables and receivables and receivables to and from the parent company. Gains and losses arising from these exposures flow directly through the subsidiary's income statement, and are captured by the parent company upon consolidation. Separately, foreign exchange gains and losses from Balance Sheet translations of subsidiaries flow monthly to the Accumulated Translation Adjustment line of the parent's balance sheet, and will not effect the reported income of the company until the sale or other disposition of the foreign subsidiary.

Foreign subsidiaries that utilize the US dollar as their functional currency recognize foreign exchange gains and losses in earnings. Foreign currency transaction exposure relates primarily to foreign currency denominated accounts receivable and accounts payable.

In certain situations, the Company uses foreign currency borrowing as a hedge against foreign denominated net assets. As of December 31, 1998 the Company had Canadian dollar loans of approximately \$836,000, and Belgian franc loans of approximately \$256,000. Further, the Company sometimes enters into foreign currency swaps to offset the risk associated with foreign denominated accounts receivable and accounts payable. As of December 31, 1998 the Company had swaps in place to convert Japanese yen denominated receivables of JPY 99 million into a combination of approximately 632,500 Australian dollars and \$372,100 US dollars.

FORWARD-LOOKING STATEMENTS

STATEMENTS THE COMPANY MAY PUBLISH THAT ARE NOT STRICTLY HISTORICAL ARE "FORWARD-LOOKING" STATEMENTS UNDER THE SAFE HARBOR PROVISIONS OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995. ALTHOUGH THE COMPANY BELIEVES THE EXPECTATIONS REFLECTED IN SUCH FORWARD-LOOKING STATEMENTS ARE BASED ON REASONABLE ASSUMPTIONS, IT CAN GIVE NO ASSURANCE THAT ITS EXPECTATIONS WILL BE REALIZED. FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS WHICH MAY CAUSE THE COMPANY'S ACTUAL RESULTS AND CORPORATE DEVELOPMENTS TO DIFFER MATERIALLY FROM THOSE EXPECTED. FACTORS THAT COULD CAUSE RESULTS AND DEVELOPMENTS TO DIFFER MATERIALLY FROM THE COMPANY'S EXPECTATIONS INCLUDE, WITHOUT LIMITATION, CHANGES IN MANUFACTURING AND SHIPMENT SCHEDULES, DELAYS IN COMPLETING PLANT CONSTRUCTION AND ACQUISITIONS, CURRENCY EXCHANGE RATES, NEW PRODUCT AND TECHNOLOGY DEVELOPMENTS, COMPETITION WITHIN EACH BUSINESS SEGMENT, CYCLICALITY OF THE MARKETS FOR THE PRODUCTS OF A MAJOR SEGMENT, LITIGATION, SIGNIFICANT COST VARIANCES, THE EFFECTS OF ACQUISITIONS AND DIVESTITURES, DISRUPTIONS TO OPERATIONS CAUSED BY NON-YEAR 2000 COMPLIANT SYSTEMS OF UNRELATED THIRD PARTIES, AND OTHER RISKS DESCRIBED FROM TIME TO TIME IN THE COMPANY'S SEC REPORTS INCLUDING QUARTERLY REPORTS ON FORM 10-Q, ANNUAL REPORTS ON FORM 10-K

AND REPORTS ON FORM 8-K.

Item 8. Financial Statements and Supplementary Data

The financial statements and supplementary data of the Company begin on page F-1 of this report. Said information is hereby incorporated by reference into this Item 8.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

Not applicable.

23

<PAGE>

PART III

Item 10. Directors and Executive Officers of the Registrant

Information with respect to Directors of the Company is set forth in the Proxy Statement for the Annual Meeting of Shareholders of the Company to be held on May 28, 1999, under the caption "Election of Directors", and is incorporated herein by reference. Information with respect to Executive Officers of the Company is set forth below.

EXECUTIVE OFFICERS OF THE COMPANY

The following table sets forth certain information as of January 1, 1999, concerning the persons who are Executive Officers of Global.

<TABLE>

<CAPTION>

Name and Age -----	Position and Offices with the Company -----
<S>	<C>
Rawles Fulgham (71)	Chairman of the Board and Chief Executive Officer, Industrial Technologies, Inc., since 1998; Senior A Merrill Lynch & Co. Inc., since 1989; Advisor to ce Committees of the Board of Directors of Dorchester Limited, since 1995.
Graham L. Adelman (49)	President and Chief Operating Officer, Global Indus Technologies, Inc., since 1998; Secretary, 1996-98 Vice President and General Counsel, 1995-98, Global Technologies, Inc.; Senior Vice President, General Secretary, The Western Company of North America, 19
Alfred L. Williams (55)	Senior Vice President and Chief Financial Officer, Industrial Technologies, Inc., since 1998; Vice Pre Chief Financial Officer, Moorman Manufacturing Co., President and Chief Financial Officer, Arcadian Cor
Jeanette H. Quay (44)	Vice President- General Counsel and Secretary, sinc Senior Litigation Counsel, 1996-98, Global Industri Inc.; Attorney, Burlington Northern Santa Fe Railro
Donna A. Reeves (42)	Vice President - Controller, since 1998; Vice Presi Administration, Specialty Equipment Group, 1996-98; Assistant Controller-Tax, 1994-96, Global Industria

Technologies, Inc.

Jim Alleman (45)	Vice President-Human Resources, Global Industrial Technologies, Inc., since 1997; Senior Vice President-Human Resources, Global Industrial Technologies, Inc.; 1994-97.
George W. Pasley (48)	Vice President - Communications, Global Industrial Technologies, Inc., since 1996; independent business consultant, Chief Financial Officer, 1994-95 and Senior Vice President, 1991-94, Maxus Energy Corp.
Juan M. Bravo (62)	Vice President, Global Industrial Technologies, Inc.; President, Harbison-Walker Refractories Company, since 1996; President, Harbison-Walker International Division of Global Industrial Technologies, Inc., 1995-96; President and Executive officer of Refractarios Mexicanos, S.A. de C.V.
Herbert Linser (65)	Vice President, Global Industrial Technologies, Inc.; President, Linser Industry Services, Inc., 1993-97.

</TABLE>

Each executive officer serves at the pleasure of the Board of Directors of Global.

24

<PAGE>

Item 11. Executive Compensation

Information with respect to executive compensation is set forth in the Proxy Statement for the Annual Meeting of Shareholders of the Company to be held on May 28, 1999, under the caption "Executive Compensation", and Other Information, and is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management

Information with respect to security ownership of certain beneficial owners and management is set forth in the Proxy Statement for the Annual Meeting of Shareholders of the Company to be held on May 28, 1999, under the caption "Security Ownership of Certain Beneficial Owners and Management", and is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions

None.

25

<PAGE>

PART IV

Item 14. Exhibits, Financial Statement Schedules, and Reports on Form 8-K

(a) Financial Statements:

(1) and (2) - The response to this portion of Item 14 is submitted as a separate section of this report.

(b) Reports on Form 8-K

None.

(c) Exhibits

The exhibits as shown in the Index of Exhibits are filed as a part of this Report.

(d) Financial Statement Schedules - The response to this portion of Item 14 is submitted as a separate section of this report.

26

<PAGE>

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, Global Industrial Technologies, Inc. has duly caused this report to be signed by the undersigned, thereunto duly authorized in the City of Dallas, State of Texas, on January 27, 1998.

Global Industrial Technologies, Inc.

By:

Donna A. Reeves
Vice President and Controller
(Principal Accounting Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities indicated on January 27, 1998.

SIGNATURE -----	TITLE -----
*/s/ ----- (Rawles Fulgham)	Chairman of the Board, Chief Executive Officer (Principal Executive Officer)
/s/ ----- (Graham L. Adelman)	President, Chief Operating Officer and Director (Principal Operations Officer)
/s/ ----- (Alfred L. Williams)	Senior Vice President - Finance, Chief Financial Officer (Principal Finance Officer)
/s/ ----- (Donna A. Reeves)	Vice President and Controller (Principal Accounting Officer)
/s/ ----- (David H. Blake)	Director
/s/ ----- (Samuel B. Casey, Jr.)	Director
/s/ ----- (R. W. Vieser)	Director

27

<PAGE>

ANNUAL REPORT ON
FORM 10-K
ITEM 14(a) (1) and (2)
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 1998
GLOBAL INDUSTRIAL TECHNOLOGIES, INC.
DALLAS, TEXAS

F-1

<PAGE>

LIST OF FINANCIAL STATEMENTS

The following Global Industrial Technologies, Inc. consolidated financial statements and report of independent accountants for the year ended December 31, 1998 are incorporated by reference in Item 8 of the Company's Annual Report on Form 10-K for such fiscal year:

Report of Management

Report of Independent Accountants

Consolidated Statements of Operations -- Year ended December 31, 1998, two month period ended December 31, 1997 and years ended October 31, 1997 and 1996.

Consolidated Statements of Comprehensive Income (Loss) -- Year ended December 31, 1998, two month period ended December 31, 1997 and years ended October 31, 1997 and 1996.

Consolidated Balance Sheets - December 31, 1998 and October 31, 1997.

Consolidated Statements of Cash Flows -- Year ended December 31, 1998, two month period ended December 31, 1997 and years ended October 31, 1997 and 1996.

Consolidated Statements of Shareholders' Equity -- Year ended December 31, 1998, two month period ended December 31, 1997 and years ended October 31, 1997 and 1996.

Notes to Consolidated Financial Statements

F-2

<PAGE>

REPORT OF MANAGEMENT

The accompanying consolidated financial statements of Global Industrial Technologies, Inc. have been prepared by management and have been audited by independent accountants. The management of the Company is responsible for the financial information and representations contained in the financial statements and other sections of this annual report. Management believes that the financial statements have been prepared in conformity with generally accepted accounting principles appropriate under the circumstances to reflect, in all

material respects, the substance of events and transactions that should be included. In preparing the financial statements, it is necessary that management make informed estimates and judgments based on currently available information of the effects of certain events and transactions.

In meeting its responsibility for the reliability of the financial statements, management depends on the Company's internal control structure. This internal control structure is designed to provide reasonable assurance that assets are safeguarded and transactions are executed in accordance with management's authorization and are properly recorded. In designing control procedures, management recognizes that errors or irregularities may occur. Also, estimates and judgments are required to assess and balance the relative cost and expected benefits of the controls. Management believes that the Company's internal control structure provides reasonable assurance that errors or irregularities that could be material to the financial statements are prevented or would be detected within a timely period by employees in the normal course of performing their assigned functions.

The Board of Directors pursues its oversight role for the accompanying financial statements through its Audit and Finance Committee, which is composed solely of directors who are not officers or employees of the Company. The Committee meets with management and internal audit to review their work and to monitor the discharge of its responsibilities. The Committee also meets with the independent accountants of the Company, without management present, to discuss internal control structure, auditing and financial reporting matters.

Dallas, Texas
March 30, 1999

F-3

<PAGE>

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and
Shareholders of Global Industrial Technologies, Inc.

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations, of comprehensive income (loss), of shareholders' equity and of cash flows present fairly, in all material respects, the financial position of Global Industrial Technologies, Inc. and its subsidiaries at December 31, 1998 and October 31, 1997, and the results of their operations and their cash flows for the year ended December 31, 1998, two month period ended December 31, 1997 and years ended October 31, 1997 and 1996, in conformity with generally accepted accounting principles. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

As discussed in Note G, the Company changed its method of accounting for startup costs in the two month period ended December 31, 1997.

PRICEWATERHOUSECOOPERS LLP

Dallas, Texas
March 30, 1999

F-4

<PAGE>

CONSOLIDATED STATEMENTS OF OPERATIONS

<TABLE>

<CAPTION>

	Year Ended December 31, 1998	Two Months Ended December 31, 1997

	(In Millions) Exc	
<S>	<C>	<C>
Revenues		
Net sales and operating revenues.....	\$494.4	\$61.5
Other.....	1.6	.2
	-----	-----
Total revenues.....	496.0	61.7
	-----	-----
Costs and Expenses		
Cost of sales.....	391.3	46.6
Selling, engineering, administrative and general expenses.....	111.5	18.2
Special charges.....	7.7	--
Restructuring charges.....	36.9	
Impairment of long lived assets.....	23.3	
Interest expense.....	11.0	2.1
Other - net.....	2.3	1.4
	-----	-----
Total Costs and Expenses.....	584.0	68.3
	-----	-----
Earnings (loss) from continuing operations before income taxes.....	(88.0)	(6.6)
Income tax benefit (provision).....	37.0	1.6
	-----	-----
Earnings (loss) from continuing operations..	(51.0)	(5.0)
Discontinued operations:		
Earnings (loss) from discontinued operations less applicable income taxes - Notes C.....	(7.9)	1.8
Net gain on disposal of discontinued operations less applicable income taxes - Note C.....	22.9	---
Cumulative effect on prior years of change in accounting principle less applicable income taxes of \$(1.9).....	---	(5.9)

Net earnings (loss).....	----- \$(36.0) =====	----- \$(9.1) =====
Basic earnings (loss) per common share:		
Continuing operations.....	\$(2.32)	\$(.23)
Discontinued operations.....	.68	.08
Cumulative effect on prior years of change in accounting principle.....	--- -----	(.27) -----
Net earnings (loss).....	\$(1.64) =====	\$(.42) =====
Diluted earnings (loss) per common share:		
Continuing operations.....	\$(2.32)	\$(.23)
Discontinued operations.....	.68	.08
Cumulative effect on prior years of change in accounting principle.....	--- -----	(.27) -----
Net earnings (loss).....	\$(1.64) =====	\$(.42) =====

</TABLE>

See Accompanying Notes to Consolidated Financial Statements

F-5

<PAGE>

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(In millions)

<TABLE>
<CAPTION>

	Year Ended December 31, ----- 1998 -----	Two Mon Endec December ----- 1997 -----
<S>	<C>	<C>
Net earnings (loss)	\$ (36.0)	\$
Other comprehensive income, net of tax:		
Foreign currency translation adjustments (net of reclassification adjustments for gains and losses included in net income - see Note O)	(5.1)	
Minimum pension liability adjustment	.9 -----	-----
Other comprehensive income (loss)	(4.2) -----	-----
Comprehensive income (loss)	\$ (40.2) =====	\$ =====

</TABLE>

See Accompanying Notes to Consolidated Financial Statements

F-6

<PAGE>

CONSOLIDATED BALANCE SHEETS

<TABLE>

<CAPTION>

As of December 31, As c
1998

-----		(In Millions	
ASSETS			
<S>	<C>		<C>
Current Assets			
Cash and cash equivalents.....	\$	8.4	\$
	-----		----
Notes and accounts receivable			
Public.....		115.4	
Unconsolidated affiliates.....		6.7	
		-----	----
		122.1	
Less allowance for doubtful receivables.....		6.5	
		-----	----
		115.6	
Inventories - net			
Finished products and work in process.....		71.5	
Raw materials and supplies.....		63.6	
		-----	----
		135.1	
Assets held for sale.....		174.0	
Deferred income taxes.....		92.7	
Asbestos insurance recoveries receivable.....		155.5	
Prepaid expenses.....		9.9	
		-----	----
Total Current Assets.....		691.2	
Investments in unconsolidated affiliates.....		3.1	
Noncurrent deferred income taxes.....		56.2	
Goodwill - net.....		24.0	
Noncurrent asbestos insurance receivable.....		145.2	
Other assets.....		84.5	
Property, plant and equipment - at cost			

Land, land improvements and mineral deposits.....	42.5	
Buildings.....	93.2	
Machinery and equipment.....	300.9	
	-----	----
	436.6	
Less accumulated depreciation, depletion and amortization.....	174.8	
	-----	----
Total Properties - net.....	261.8	
	-----	----
TOTAL ASSETS	\$ 1,266.0	\$
	=====	=====

</TABLE>

See Accompanying Notes to Consolidated Financial Statements

F-7

<PAGE>

CONSOLIDATED BALANCE SHEETS

<TABLE>

<CAPTION>

	As of December 31, 1998	As
-----	-----	-----
LIABILITIES AND SHAREHOLDERS' EQUITY	(In Million	
<S>	<C>	<C>
Current Liabilities		
Accounts payable.....	\$ 62.8	\$
Notes payable and current portion of long-term debt.....	176.7	
Advances from customers on contracts.....	1.1	
Accrued compensation and benefits.....	31.6	
Accrued taxes other than income taxes.....	3.4	
Insurance reserves.....	7.9	
Income taxes currently payable.....	17.2	
Current deferred income taxes.....	21.7	
Asbestos related liabilities.....	137.6	
Other accrued liabilities.....	74.1	
	-----	----
Total Current Liabilities.....	534.1	
Long-term debt.....	202.6	
Postretirement benefits.....	81.0	
Noncurrent deferred income taxes.....	55.5	
Noncurrent asbestos related liabilities.....	145.7	
Other liabilities.....	12.6	
Shareholders' Equity		
Preferred stock, 10,000,000 authorized		
Common stock, \$.25 par value		
Authorized shares: 100,000,000		

Issued 27,363,697 shares at December 31, 1998 and October 31, 1997; Outstanding 22,108,863 shares at December 31, 1998 and 21,994,809 shares at October 31, 1997.....	6.8	
Capital in excess of par value.....	381.4	
Retained earnings (accumulated deficit).....	(19.6)	
Accumulated other non owner changes in equity:		
Cumulative translation adjustment.....	(56.0)	
Minimum pension liability adjustment.....	(5.4)	
Treasury stock, at cost.....	(72.7)	
	-----	---
Total Shareholders' Equity.....	234.5	---
	-----	---
Commitments and Contingencies		
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 1,266.0	\$
	=====	===

</TABLE>

See Accompanying Notes to Consolidated Financial Statements

F-8

<PAGE>

CONSOLIDATED STATEMENTS OF CASH FLOWS

<TABLE>

<CAPTION>

	Year Ended December 31, 1998 -----	Two Months Ended December 31, 1997 ----- (In Millions)
<S>	<C>	<C>
Cash flows from operating activities:		
Net earnings (loss).....	\$ (36.0)	\$ (9.1)
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Continuing operations depreciation, depletion and amortization.....	23.2	2.4
Discontinued operations depreciation, depletion and amortization.....	8.8	1.6
Losses (earnings) from unconsolidated affiliates.....	1.1	---
Gain on sale of discontinued operations.....	(41.2)	---
Restructuring charges and asset impairments.....	60.2	---
Special charges.....	7.7	---
Change in accounting principle.....	---	7.8
Deferred income tax provision (benefit).....	(26.7)	(1.4)
Change in assets and liabilities net of effects of acquisitions:		
Decrease (Increase) in receivables.....	8.9	6.4
Decrease (Increase) in inventories.....	2.8	(7.8)

Increase in discontinued operations working capital.....	(13.0)	---
Increase in asbestos insurance recoveries...	(21.3)	---
Decrease in accounts payable and accrued liabilities.....	(40.5)	(2.9)
Increase (decrease) in advances from customers on contracts.....	.3	(4.1)
Increase (decrease) in current income taxes payable.....	1.9	(1.9)
Other, net.....	(16.5)	.2
	-----	-----
Net cash provided by (used in) operating activities.....	(80.3)	(8.8)
	-----	-----
Cash flows from investing activities:		
Business acquisitions, net of cash acquired.....	(199.8)	(4.5)
Proceeds from sale of discontinued operations.....	229.5	---
Settlement payment on asset sales.....	---	(5.3)
Continuing operations capital expenditures..	(20.1)	(2.8)
Discontinued operations capital expenditures.....	(39.2)	(6.3)
	-----	-----
Net cash used in investing activities.....	(29.6)	(18.9)
	-----	-----
Cash flows from financing activities:		
Proceeds from borrowings.....	274.0	28.6
Principal payments on debt.....	(171.2)	(.6)
Proceeds from exercise of stock options.....	2.0	.8
Purchase of treasury shares.....	---	(2.3)
	-----	-----
Net cash provided by financing activities.....	104.8	26.5
	-----	-----
Effect of translation adjustments on cash.....	---	(.2)
	-----	-----
Net increase (decrease) in cash and cash equivalents.....	(5.1)	(1.4)
Cash and cash equivalents, beginning of year.....	13.5	14.9
	-----	-----
Cash and cash equivalents, end of year.....	\$ 8.4	\$ 13.5
	=====	=====

</TABLE>

See Accompanying Notes to Consolidated Financial Statements

F-9

<PAGE>

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

<TABLE>

<CAPTION>

Common	Capital in Excess	Retained Earnings (Accumulated	Cumulative Translation	Mi Pe Lia
--------	----------------------	--------------------------------------	---------------------------	-----------------

	Stock	of Par	Deficit)	Adjustment	Adju
				(In Millions)	
<S>	<C>	<C>	<C>	<C>	<C>
Balance, October 31, 1995.....	\$6.8	\$383.2	\$ (15.5)	\$ (46.3)	
Net earnings.....			45.4		
Shares purchased during the year.....					
Options exercised under employee benefit plans.....		(.4)			
Currency translation adjustments.....				(9.7)	
Other.....	----	-----	-----	-----	
Balance, October 31, 1996.....	6.8	382.8	29.9	(56.0)	
Net earnings (loss)...			(4.4)		
Shares purchased during the year.....					
Options exercised under employee benefit plans.....		(.7)			
Currency translation adjustments.....				5.7	
Other.....	----	-----	-----	-----	
Balance, October 31, 1997.....	6.8	382.1	25.5	(50.3)	
Net earnings (loss)...			(9.1)		
Shares purchased during the period...					
Options exercised under employee benefit plans.....					
Currency translation adjustments.....				(.6)	
Balance, December 31, 1997....	6.8	382.1	16.4	(50.9)	
Net earnings (loss)...			(36.0)		
Options exercised under employee					

benefit plans		(.7)		
Currency translation adjustments.....				(5.1)
Other.....	----	-----	-----	-----
Balance, December 31, 1998	\$6.8 =====	\$381.4 =====	\$(19.6) =====	\$(56.0) =====

</TABLE>

See Accompanying Notes to Consolidated Financial Statements

F-10

<PAGE>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE A - GENERAL INFORMATION, BASIS OF PRESENTATION AND TENDER OFFER

General Information

The Company's continuing operations include the Refractory and Minerals segment which is comprised of Harbison-Walker Refractories Company (Harbison-Walker) and its affiliates: Harbison-Walker Refractories S.A. de C.V., formerly Refractarios Mexicanos S.A. de C.V. (Refmex), the largest Mexican producer of refractory products; Harbison-Walker Refractories S.A., formerly Refractarios Chilenos S.A. (RECSA), Chilean manufacturer of a broad line of refractory products; Harbison-Walker Refractories GmbH, formerly Magnesitwerk Aken GmbH (Aken), a German refractories manufacturer acquired in December 1997; and A.P. Green Industries, Inc. (Green), with operations in the U.S., Canada, Mexico, Columbia, the United Kingdom and Indonesia. The Company's remaining continuing operations include its Corrosion Technology, International (CTI), Shred Tech, and Jeffrey businesses which manufacture a variety of products for various industrial applications. See Note C for information on discontinued operations. See Note D for further information on acquisitions and divestitures.

On July 30, 1998, the Company's Board of Directors voted to change the Company's annual fiscal accounting period from October 31, 1997 to December 31, 1997. Accordingly, the accompanying consolidated financial statements present the year ended December 31, 1998, the two month period ended December 31, 1997 (Transition Period) and the years ended October 31, 1997 and 1996.

Basis of Presentation

Certain prior year amounts have been reclassified to conform to the current year presentation.

Tender Offer

On October 5, 1998, WHX Corporation (WHX) announced that it had purchased approximately 2.2 million shares of common stock, representing approximately 9.9 percent of the Company. On December 17, 1998, WHX, through its wholly owned subsidiary GT Acquisition Corp (collectively referred to as WHX), commenced an unsolicited tender offer for all of the shares of the Company's common stock (including the related preferred stock purchase rights) that it did not already own at a price of \$10.50 per share, net to the seller in cash, without interest thereon. On December 17, 1998 WHX filed its Tender Offer Statement on Schedule 14D-1, including its Offer to Purchase which set forth the terms of its tender

offer. The tender offer is subject to numerous conditions, including among others, the Rights Condition, the Supermajority Condition, the Business Combination Condition and the Defensive Action Condition (each as defined in the Offer to Purchase). In response to WHX's unsolicited tender offer, the Company's Board of Directors unanimously rejected WHX's Offer to Purchase, setting forth a number of factors, including the opinion of the Company's independent financial advisors that the \$10.50 per share offer price is inadequate from a financial point of view, as more fully discussed in the Solicitation/Recommendation Statement filed by the Company on Schedule 14D-9 with the Securities and Exchange Commission on December 23, 1998. WHX's offer is currently scheduled to expire on April 15, 1999, unless further extended. The Company has retained the services of independent financial and legal advisors to assist it in connection with the WHX offer, and had incurred related costs of approximately \$.3 million during the year ended December 31, 1998. As of March 30, 1999, the Company's Board of Directors had not entered into discussions with WHX, or any other potential buyer regarding the consensual sale of the Company, or a substantial portion of its assets (other than those assets disclosed in Note C - "Discontinued Operations").

F-11

<PAGE>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE B - SIGNIFICANT ACCOUNTING POLICIES

Consolidation

All majority-owned subsidiaries are consolidated if the Company effectively controls their day-to-day operations, and all material intercompany accounts and transactions are eliminated. Investments in 20 to 50 percent owned partnerships are accounted for on the equity method. Investments in other companies that are less than 20 percent owned are accounted for on the basis of the Company's cost. Investments in and operating results from unconsolidated affiliates were immaterial as of and for the year ended December 31, 1998.

As discussed more thoroughly in Note C, the INTOOL, APG Lime and Ameri-Forge divestitures are presented as discontinued operations.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ significantly from those estimates.

Revenue Recognition

Revenue is recognized upon shipment of products to customers.

Financial Instruments

The Company periodically uses financial instruments to offset defined market risks arising from changes in interest rate, and foreign exchange rates. The Company does not use financial instruments for trading or speculative purposes. The fair value of financial instruments is determined by reference to various market data and other valuation techniques as appropriate. Unless otherwise disclosed, the fair values of financial instruments approximate their recorded values.

Cash Equivalents

Cash and cash equivalents include cash on hand and investments with a purchased original maturity of three months or less. Net cash overdrafts are included in accounts payable.

Inventories

Inventories are valued at the lower of cost or market. The cost of most U.S. inventories is determined using the last-in, first-out (LIFO) method and includes direct labor, direct material and manufacturing burden. The valuation of inventories not on LIFO is determined using average cost.

Long-lived Assets

When events or changes in circumstances indicate that the carrying amount of long-lived assets may not be recoverable, the Company will review the net realizable value of the long-lived assets through an assessment of the estimated future cash flows related to such assets. In the event that assets are found to be carried at amounts which are in excess of estimated gross future cash flows, then the assets will be adjusted for impairment to a level commensurate with a discontinued cash flow analysis of the underlying assets.

Goodwill

The excess of cost over the fair value of net assets acquired in an acquisition (goodwill) is amortized on a straight-line basis. The goodwill (see Note D) associated with the A.P. Green acquisition is being amortized over 40 years. The goodwill associated with CTI is being amortized over 10 years. The balance of goodwill, relating primarily to the Ameri-Forge and Shred-Tech acquisitions, is being amortized principally over 20 years.

Amortization expense was \$3.6 million, \$0.5 million, \$3.0 million and \$2.6 million for the year ended December 31, 1998, the Transition Period and the years ended October 31, 1997 and 1996, respectively. Accumulated amortization at December 31, 1998 and October 31, 1997 was \$9.5 million and \$7.1 million, respectively. Amortization expense for ongoing operations was \$2.5 million, \$0.3 million, \$1.8 million, and \$1.3 million for the year ended December 31, 1998, the Transition Period, and the years ended October 31, 1997 and 1996, respectively. Amortization expense for discontinued operations was \$1.1 million, \$0.2 million, \$1.2 million, and \$1.3 million, respectively for these periods. Accumulated amortization for continuing operations at December 31, 1998 and October 31, 1997 was \$6.7 million and \$3.9 million, respectively. Accumulated amortization for discontinued operations was \$2.5 million and \$3.2 million, respectively.

F-12

<PAGE>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE B - SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Property, Plant and Equipment

Fixed assets are recorded at cost and are depreciated over their estimated service lives primarily on a straight-line basis. Accelerated depreciation methods are used for tax purposes whenever permitted. Estimated useful lives for major asset classes are: buildings and improvements - 5 to 40 years, machinery and equipment - 3 to 15 years, office furniture and fixtures - 3 to 7 years, leasehold improvements - term of lease. Depletion of mineral properties is based upon estimates of economically recoverable tonnage. Maintenance and repairs are expensed as incurred; improvements are capitalized. Interest costs associated

with capital projects are capitalized during the period of time from when expenditures are made until the asset is placed in service.

Postretirement Benefits

The Company has pension and other postretirement benefit plans covering substantially all employees. These plans are funded sufficiently to at least meet minimum funding requirements under applicable law. The Company accrues the estimated costs of pension and retiree benefits other than pensions during the employees' active service period.

Environmental Liabilities

Liabilities and estimated insurance recoveries receivable related to the Company's asbestos related claims are presented on a gross basis in the accompanying consolidated balance sheet.

Income Taxes

The Company calculates deferred income taxes in accordance with Statement of Financial Accounting Standards No. 109 using an asset and liability approach. Valuation allowances against deferred tax assets are provided where appropriate.

Translation of Foreign Currencies

For subsidiaries in countries which do not have highly inflationary economies, asset and liability accounts are translated at rates in effect at the balance sheet date, and revenue and expense accounts are translated at the current rates on the dates of the transactions. Translation adjustments are shown as a separate component of shareholders' equity and other comprehensive income.

For subsidiaries in countries with highly inflationary economies, cost of sales, inventories, property, plant and equipment and related depreciation are translated at historical rates. Other asset and liability accounts are translated at rates in effect at the balance sheet date, and revenues and expenses excluding cost of sales and depreciation are translated at the current rates on the dates of the transactions. Translation adjustments are reflected in the statement of operations.

The Company began reporting its Mexican operations as highly inflationary beginning with the quarter ended April 30, 1997, which is the first reporting period for the Company beginning after December 31, 1996. This change was made in accordance with SFAS 52, "Foreign Currency Translation". Beginning January 1, 1999, the Company will cease to report the results of operations in Mexico as highly inflationary, since cumulative inflation in Mexico over the past three years is less than 100%. The effect of the change is not expected to have a material impact on the Company's results of operations or financial position. The Company has no other operations in highly inflationary economies.

The Company's export sales are normally denominated in U.S. dollars.

NOTE C - DISCONTINUED OPERATIONS

Industrial Tool

On March 12, 1998, the Company sold the assets and business of INTOOL for cash consideration of \$229.2 million, including certain postclosing adjustments. A gain of \$81.7 million, net of tax, was recognized. The INTOOL business manufactured and sold a product line of high-quality pneumatic and electric tools for industrial applications, including assembly and material removal.

<PAGE>

In connection with the sale of INTOOL, the Company retained certain pension and postretirement benefits. The Company also retained liability for certain legal claims, primarily for known claims of alleged hearing loss and other injuries associated with the use of the Company's products, and for one-half of any such additional claims made during the five-year period following the closing date. In 1998, the Company settled approximately 95% of known hearing loss and other injury claims outstanding for amounts less than recorded reserves and final purchase price repatriations. See description of these Tool Claims in Note N - Contingencies.

The operating results of INTOOL for the periods for November 1, 1997 to December 31, 1997 and from January 1, 1998 to March 12, 1998, respectively, are presented as discontinued operations in the Transition Period and the year ended December 31, 1998. The Company has restated its prior financial statements to present the operating results of INTOOL as discontinued operations.

APG Lime

On March 9, 1999, the Company announced that it had reached a definitive agreement, subject to the buyer's due diligence, to sell APG Lime for \$134 million, including \$130.3 million in cash (prior to postclosing adjustments) and assumption of \$3.7 million in debt. APG Lime Corp., a wholly owned subsidiary of A.P. Green Industries, Inc., which was acquired by the Company on July 1, 1998, operates plants in Kimballton, Virginia; Ripplemead, Virginia; and New Braunfels, Texas, and is a 51% owner of Palmetto Lime LLC, which is constructing a lime processing facility in Charleston, South Carolina. APG Lime is involved in the mining and processing of limestone into lime for various industrial applications. Primary customer applications include steel and aluminum production, pulp and paper processing, soil stabilization for road construction, water and waste water treatment, masonry and various environmental applications.

The operating results of APG Lime for the period July 1, 1998 (date of acquisition) through December 31, 1998 are presented as discontinued operations. The operating results for the period January 1, 1999 through the date of sale, as well as the expected gain on sale, will be presented as discontinued operations in 1999. The assets and liabilities of APG Lime at December 31, 1998 have been reflected as "Net Assets Held For Sale," in the accompanying balance sheet.

Ameri-Forge

On March 9, 1999, the Company's Board of Directors adopted a plan to dispose of Ameri-Forge. Ameri-Forge is comprised of two divisions: Industrial and Construction. The Industrial division is the leading domestic supplier of forged carbon steel flanges; a critical component in the construction of closed systems for the transportation of liquids and gasses. The Construction division of Ameri-Forge manufactures and resells track chains, shoes, rollers, sprockets and other equipment used in track-mounted heavy construction vehicles.

The 1998 operating results of Ameri-Forge including provisions for employee severance and benefits and losses expected to be incurred during the sales process, as well as a charge to reflect the estimated net realizable value of the assets to be disposed of, have been segregated from continuing operations and are presented as discontinued operations. The operating results for Ameri-Forge for the Transition Period and 1998 have been presented as discontinued operations in the consolidated statement of operations and prior financial statements have been restated to present the operating results of Ameri-Forge as discontinued operations. The assets and liabilities of Ameri-Forge at December 31, 1998 have been reflected as "Net Assets Held For Sale," in the accompanying balance sheet.

F-14

<PAGE>

Summarized financial information for the discontinued operations are as follows for the year ended December 31, 1998, the Transition Period and the years ended October 31, 1997 and 1996.

<TABLE>

<CAPTION>

Year Ended December 31, 1998
(in millions)

	INTOOL	APG LIME	Segmen
<S>	<C>	<C>	<C>
Total revenues	\$ 24.3	\$ 26.6	\$
Total costs and expenses	20.3	26.1	-
Income (loss) from operations before income taxes and gain (loss) disposal	4.0	.5	
Income tax (expense) benefit	(1.5)	--	-
Net earnings (loss) from operations	\$ 2.5	\$.5	=
Net gain (loss) on disposal before income taxes	\$ 136.0	\$ --	\$
Income tax (expense) benefit	(54.3)	--	-
Net gain (loss) from discontinued operations	\$ 81.7	\$ --	\$

<CAPTION>

Transition Period ended
December 31, 1997
(in millions)

	INTOOL	
<S>	<C>	<C>
Total revenues	\$ 18.6	\$
Total costs and expenses	16.2	-
Earnings from operations before income taxes	2.4	
Income tax expense benefit	(.9)	-
Earnings from discontinued operations	\$ 1.5	\$

</TABLE>

F-15

<PAGE>

<TABLE>

<CAPTION>

Year ended October 31, 1997
(in millions)

	Industrial Tool	Segment Ameri- Forge
<S>	<C>	<C>
Total revenues	\$113.2	\$54.1
Total costs and expenses	94.7	45.6
Earnings from operations before income taxes	18.5	8.5
Income tax expense benefit	(4.7)	(2.1)
Earnings from discontinued operations	\$ 13.8	\$ 6.4

<CAPTION>

Year ended October 31, 1996
(in millions)

	Industrial Tool	Segment Ameri-Forge
<S>	<C>	<C>
Total revenues	\$97.2	\$50.6
Total costs and expenses	83.5	38.4
Earnings from operations before income taxes	13.7	12.2
Income tax (expense) benefit	(3.3)	(3.8)
Earnings from discontinued operations	\$10.4	\$ 8.4

</TABLE>

Income (loss) from operations of the discontinued businesses presented above includes an allocation of general Company wide interest expense for each of the periods presented, which is calculated based on the ratio of average net assets of the discontinued operations to average consolidated net assets plus average consolidated debt (exclusive of any indebtedness specifically identified to a discontinued operation). Total interest expense allocated amounted to \$4.6 million, \$.7 million, \$2.7 million and \$1.3 million for the year ended December 31, 1998, the Transition Period and the years ended October 31, 1997 and 1996, respectively. In addition, the Company accrued, in the loss on the planned Ameri-Forge disposal, approximately \$4.2 million of allocated interest expense for the phase-out period.

The assets and liabilities of the discontinued operations are netted and presented under the caption "Net assets held for sale" in the accompanying December 31, 1998 consolidated balance sheet. The table below illustrates the composition of the balance:

At December 31, 1998
(in millions)

	APG Lime	Segment Ameri- Forge	Total
Cash and accounts receivable	\$ 14.3	\$ 7.0	\$ 21.3
Inventory	6.2	29.8	36.0
Property, plant and equipment	44.8	60.5	105.3
Other assets	31.0	1.8	32.8
Total assets	96.3	99.1	195.4
Accounts payable - trade	3.4	7.1	10.5
Other accrued liabilities	3.6	2.6	6.2
Long-term debt	3.4	--	3.4
Other non-current liabilities	1.3	--	1.3
Total liabilities	11.7	9.7	21.4
Net assets held for sale	\$ 84.6	\$ 89.4	\$ 174.0

F-16

<PAGE>

NOTE D - ACQUISITIONS AND DIVESTITURES

Acquisitions

Global acquired A.P. Green Industries, Inc. ("Green") effective July 1, 1998 through a merger. The purchase was effected through a public tender offer for Green's outstanding common stock at an offering price of \$22.00 per share and resulted in a total net cash purchase price of approximately \$199.8 million (net of \$2.4 million in cash acquired), including approximately \$24.7 million in other direct transaction costs such as severance and other change-in-control benefits, and accounting, legal and financial advisory fees. The purchase price was funded through cash on hand, issuance of the New Senior Notes (as defined in Note L - Notes Payable and Long-Term debt), and unused lines of credit. The Company has accounted for the acquisition as a purchase, and, accordingly, the results of operations of Green have been consolidated with those of the Company as of July 1, 1998.

Green, together with its subsidiaries, conducted its business primarily in two business segments, Refractory Products and Industrial Lime. On March 9, 1999, the Company announced that it had reached a definitive agreement to sell the Industrial Lime operations. See Note C - "Discontinued Operations" for more information.

The net purchase price has been allocated to the assets and liabilities of Green based on their estimated respective fair market values at the acquisition date. Fair market value of the acquired property, plant and equipment, net pension assets and obligations for other postretirement benefits was determined by independent third parties. The excess of purchase price over the fair market value of net assets acquired was assigned to goodwill, and is being amortized on a straight-line basis over 40 years. The resulting goodwill has been allocated entirely to the Industrial Lime segment, based on an assessment of fair market value of Green's individual business units. The net purchase price was allocated as follows (in millions):

Accounts receivable	\$ 54.0
Inventory	67.0
Other current assets (including asbestos recoveries)	55.0
Property, plant and equipment	157.5

Projected insurance recovery on asbestos claims	164.2
Goodwill	28.0
Pension assets	24.6
Other non-current assets	4.3

Total assets (excluding cash acquired)	554.6

Accounts payable and accrued expenses	45.2
Other current liabilities (including asbestos claims)	53.2
Projected asbestos claims	164.2
Post employment retirement benefits	20.8
Non current deferred income taxes	34.2
Long-term debt	33.2
Other non-current liabilities	4.0

Total liabilities	354.8

Net cash purchase price	\$199.8
	=====

The allocated purchase price includes a current liability of approximately \$16.7 million, which represents the Company's estimate of direct expenditures to be incurred in connection with the consolidation and integration of certain Green corporate functions and manufacturing facilities. Management's plans encompass the elimination of certain historical expenses of Green, particularly salary, benefits and various other associated direct overhead costs related primarily to the manufacturing, executive, legal, accounting, tax, engineering, sales and marketing functions. Such costs reflect the actual or planned closure and/or sale of seven of Green's manufacturing facilities and the termination of approximately 334 employees. The reserve includes charges for severance, employee relocation costs, and other employee termination payments (\$7.3 million); site restoration and other environmental exit costs (\$5.2 million); various contract termination costs and other costs directly associated with the consolidation and integration activities (\$4.2 million). As of December 31, 1998, approximately \$7.9 million had been paid and charged against the reserve (primarily representing severance benefits and cost associated with the sale of the Lehi facility). The liability has been established in accordance with the provisions of the Emerging Issues Task Force Release #95-3 (EITF 95-3), "Recognition of Liabilities in Connection with a Purchase Business Combination," and contains estimates of costs under the current plan which, although continually being refined, is expected to be completed within one year of the acquisition date. The reserve discussed herein does not include those expenditures expected to result

F-17

<PAGE>

from reductions of the Company's own workforce and closing of duplicative Company facilities, as more fully described in NOTE I- "Restructuring Charges" below.

On December 31, 1997, the Company acquired all of the outstanding shares of Magnesitwerk Aken GmbH (Aken), a refractory products company located in Aken, Germany, for approximately \$8.4 million (including \$2.0 million which may be payable over a three year period if certain earnings considerations are met). The balance sheet of the acquired company included \$14.2 million of non-recourse debt. The acquisition was accounted for as a purchase and, accordingly, Aken's results of operations have been consolidated with those of the Company beginning January 1, 1998.

On June 2, 1997, the Company purchased the refractory business and related

assets of Refractarios Lota-Green Limitada (Lota-Green), which had its principal place of business in Concepcion, Chile, for \$13.6 million. The acquisition was accounted for using the purchase method of accounting and the assets and liabilities of Lota-Green were recorded at their fair values at the date of acquisition. Results of Lota-Green's operations are included in the accompanying consolidated statement of operations subsequent to June 2, 1997.

On January 12, 1996, the Company acquired substantially all of the assets of Corrosion Technologies International, Inc. (CTI) for \$36.3 million in cash and assumed liabilities of \$11.6 million. CTI, an international group of companies, has developed and patented advanced polymer concrete tankhouse cells used in the electrolytic refining of copper and other metals. The acquisition was accounted for as a purchase and initially included \$38.3 million of goodwill which is being amortized over a 40 year period. In September 1998, the Company reassessed its carrying value in the underlying long-lived assets of CTI and, as a result, recorded an impairment charge, which reduced the recorded amount of goodwill by approximately \$22 million, and reduced its estimated remaining useful life. See Note H - "Impairment of Long-Lived Assets (Including Goodwill)" for more information. CTI results previously had been reported as part of the Specialty Equipment segment since the date of acquisition, but are now included within the "All Other" segment, reflecting the Company's fourth quarter 1998 adoption of SFAS 131 "Disclosures about Segments of an Enterprise and Related Information."

The following unaudited summary presents the Green acquisition, APG Lime, Ameri-Forge and INTOOL divestitures as if all occurred November 1, 1996 (with appropriate adjustments for amortization of intangible assets, depreciation expense, interest expense and related income tax effects). The pro forma operating results are for illustrative purposes only and do not purport to be indicative of the actual results which would have occurred had the transactions been consummated as of those earlier dates, nor are they indicative of results of operations which may occur in the future.

In Millions Except Per Share Data	Year ended December 31,	Year ended October 31,
-----	-----	-----
	1998	1997
	----	----
Revenues.....	\$ 603.5	\$ 662.6
Net loss.....	(52.3)	(19.8)
Loss per share.....	(2.38)	(.89)

Divestitures

In January 1997, the Company sold its joint venture interest in KOMDRESCO, a South African manufacturer and distributor of mining and construction equipment. Also in January 1997, the Company announced its strategic decision to divest its surface mining equipment business which had operated as Marion Power Shovel Company (MARION) and its underground mining equipment business in the United Kingdom conducted as British Jeffery Diamond. The divestitures of both businesses were completed in 1997.

In connection with these divestitures, the company recognized losses of \$43.5 million in 1997 and \$7.7 million in 1998, which are presented as special charges in the accompanying consolidated statement of operations. The loss provision primarily reflects the difference between proceeds received and book value of net assets sold. The loss provision also includes \$6 million for severance pay related to the termination of substantially all surface mining equipment business employees. The Company retained the Marion real property in the U.S., which is being held for sale as of October 31, 1997 and is included in Other assets in the amount of \$2.5 million in the accompanying consolidated balance sheet.

F-18

<PAGE>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE E - UNCONSOLIDATED AFFILIATES

The Company, through a subsidiary, had a 50 percent ownership interest in KOMDRESCO, a general partnership which manufactured and distributed certain construction and mining equipment in South Africa and neighboring countries. In January 1997, the Company sold its interest in KOMDRESCO. See Note D for further information. KOMDRESCO's revenues and the Company's share of partnership earnings (included in Other, net in the accompanying consolidated statements of earnings for the year ended October 31, 1996) were \$107.0 million; and \$2.1 million, respectively.

NOTE F - EARNINGS PER SHARE

In 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 128, "Earnings per Share" (SFAS 128). The Company initially adopted SFAS 128 during the "old" fiscal quarter ended January 31, 1998 and, accordingly, earnings per share amounts for all periods presented in the accompanying condensed consolidated statement of operations are calculated and presented in accordance with SFAS 128. The statement specifies new standards for the computation and presentation of earnings per share, requiring the presentation of both "basic" and "diluted" earnings per share. Basic earnings per share is calculated as net earnings divided by average common shares outstanding. Diluted earnings per share is calculated including the dilutive effects of potential common shares, which include the Company's stock options and deferred compensation units.

Outstanding options and deferred compensation units to purchase approximately (in millions) 2.6, 1.7 and 1.8 shares were excluded from the year ended December 31, 1998, the Transition Period and the year ended October 31, 1997 respective diluted earnings per share calculations, as their inclusion would be anti-dilutive due to the loss from continuing operations incurred for those periods. .4 million potential common shares, as calculated under the treasury stock method, were included in the diluted earnings per share calculation for the year ended October 31, 1996.

Weighted average common shares outstanding were (in millions) 22.0, 21.9, 22.4 and 22.6 for the year ended December 31, 1998, the Transition Period and the years ended October 31, 1997 and 1996, respectively.

NOTE G - CHANGE IN ACCOUNTING PRINCIPLE

The Company adopted Statement of Position 98-5 (SOP 98-5), "Reporting on the Costs of Start-Up Activities," resulting in a \$5.9 million cumulative effect of change in accounting principle net of income taxes of \$1.9 million which has been included in net income of the Transition Period. The effect of the change (representing the charge off of current period additions and the reversal of previously recorded amortization) on continuing operations for the year ended December 31, 1998 and the Transition Period was not material.

NOTE H - IMPAIRMENT OF GOODWILL AND OTHER LONG-LIVED ASSETS

During the third quarter of 1998, the Company recognized a pre-tax impairment loss of \$23.3 million reflecting management's estimates that actual operating

cash flows will be insufficient to recover the carrying amount of certain long-lived assets (including goodwill). The loss, which is presented under the caption titled "Impairment of long-lived assets" on the accompanying consolidated statements of operations, represents an impairment of CTI goodwill (\$22.0 million) and the write down of the carrying amounts of various permanently idled machinery and equipment at Harbison-Walker (\$1.3 million).

Continued depressed copper, zinc and nickel prices, the ongoing economic disruption in the Asia-Pacific region and additional market knowledge gained through CTI's alliance with Anticorrosivos Industriales Ltd. ANCOR have caused the Company to reassess the carrying value of long lived assets (primarily goodwill) at CTI. The estimated expected future cash flows (undiscounted and without interest) of CTI was less than the carrying amount of such assets (primarily goodwill). Accordingly, an impairment loss was recognized for the excess of the carrying amount of the impaired assets over their respective fair market values. Estimated fair market value was based on the discounted expected future cash flows from the use of these assets. The impairment loss recognized was allocated entirely to goodwill, resulting in a remaining net carrying value of goodwill of approximately \$14 million at December 31, 1998. In addition, the Company changed the estimated remaining useful life of goodwill from approximately 37 years to 10 years to reflect management's reassessment of the CTI business.

F-19

<PAGE>

NOTE I - RESTRUCTURING CHARGES

During the year ended December 31, 1998, the Company recognized a pre-tax charge of \$36.9 million, of which, \$31.7 million was recorded during the nine month period ended September 30, 1998 and the remaining \$5.2 million was recorded during the fourth quarter of 1998, to reorganize and restructure its current organization. In addition, the Company recognized a \$3.8 million inventory write-down, and approximately \$2.6 million in equipment repair and maintenance costs related to plant consolidations, both of which have been recorded as a component of cost of sales. The restructuring consisted primarily of four parts: (i) the merging and integration of operations of Harbison-Walker and Green; (ii) the termination of a joint venture; (iii) charges pertaining to the consolidation and integration of CTI into Harbison-Walker; and (iv) other cost reduction measures taken at the Company's corporate headquarters.

Concurrent with the acquisition of Green, management initiated plans to consolidate and integrate the operations of both companies through workforce reductions and the closure of duplicative facilities. During 1998, the Company announced the closure of three Harbison-Walker manufacturing facilities and the partial closure of a fourth plant. The Harbison-Walker companies have recorded a \$28.1 million charge for the entire plan, which includes the termination of approximately 391 employees (of which approximately 338 had been terminated at December 31, 1998). Amounts contained within the restructuring charge include severance (both statutory and contractual), pension plan curtailment losses and other employee termination payments (\$9.9 million); adjustments to reflect affected property, plant and equipment at their estimated value (less costs to sell), and site restoration costs (\$9.5 million); adjustments to reflect inventory of discontinued product lines at estimated net realizable value (\$2.2 million, charged to cost of sales); repair and maintenance costs associated with equipment transferred from closed plants (\$2.6 million, charged to cost of sales) and other estimated holding costs of vacated facilities, and contract terminations (\$3.9 million).

In addition, during the third quarter, the Company decided to terminate a 50% joint venture and is in the process of closing Harbison-Walkers' Eufala, Alabama facility, which housed its operations. The venture had produced calcium

aluminates (as slag conditioners for the steel industry) and lightweight refractory grains for which the venture was unable to generate satisfactory sales or margins. As a result, an \$11.5 million charge was recorded during the third quarter of 1998, which included the write down of the Company's investment in, and net receivable from the joint venture (\$7.1 million); severance, pension plan curtailment loss and other payments resulting from the termination of approximately 25 employees (\$0.9 million); write down of Company-owned property, plant and equipment utilized solely by the joint venture to their estimated fair values (less costs to sell), and site restoration costs (\$1.2 million); adjustments to reflect Company-owned inventory of discontinued product lines at estimated net realizable value (\$1.6 million, charged to cost of sales); and various other exit costs, including contract termination penalties (\$0.7 million).

Management has also finalized plans to consolidate the manufacturing and administrative functions of CTI with those of Harbison-Walker. The move is being made in an effort to reduce costs and improve productivity and asset utilization by eliminating duplicative functions and taking advantage of existing facilities' excess capacity. Consequently, the Company recognized a charge of \$2.5 million during 1998. The charge consisted primarily of employee severance and contract termination costs.

The remaining \$1.2 million in charges represents severance benefits related to the approximate 18% staff level reduction at the Company's corporate headquarters, located in Dallas, Texas.

F-20

<PAGE>

The aforementioned charges are reflected in the accompanying consolidated statement of operations under the caption "Restructuring Charges", with the exception of \$3.8 million of inventory write-downs and \$2.6 million in equipment repair and maintenance costs, which are included in cost of sales. Approximately \$15.4 million of the charge has been recorded as a reduction in the carrying value of the respective assets, \$3.0 million has been recorded as an increase to long-term pension liabilities, and \$12.2 million, representing other future cash expenditures, is reflected as an other current liability in the accompanying consolidated balance sheets. The following table summarizes the activity occurring within the related current liability accounts during the year ended December 31, 1998.

<TABLE>

<CAPTION>

Segment	Type	Provision
	----	-----
<S>	<C>	<C>
Refractory	Employee severance	\$ 6.1
Products	Other employee fringes	
	(excluding pension curtailment)	1.7
	Contract terminations	1.5
	Other facility shut-down costs	3.1
	Site restoration costs	2.4

	Total Refractory Products	14.8
All Other	Employee severance	1.6
	Contract terminations and other	.9

	Total All Other	2.5
Corporate	Employee severance	1.2

Total Company

\$ 18.5
=====

</TABLE>

Management expects to complete all parts of the restructuring plans by the end of 1999, with the majority of the remaining cash expenditures to occur during first half of 1999. Given the nature of the costs reflected herein, increases or decreases may be necessary throughout the tenure of the Company's restructuring plans. Any such changes will be reflected in the statement of operations as incurred, and classified in the manner discussed above.

NOTE J - INVENTORIES

Inventories on the LIFO method were \$66.7 million and \$40.3 million at December 31, 1998 and October 31, 1997, respectively. The excess of average cost, which approximates replacement or current costs, over the LIFO values would have been \$19.0 million and \$31.2 million at December 31, 1998 and October 31, 1997, respectively. As discussed in Note C, the Industrial Tool segment was sold in 1998. LIFO reserves related to Industrial Tool were \$9.7 million at October 31, 1997.

F-21

<PAGE>

NOTE K - INCOME TAXES

The components of earnings (loss) before income taxes for the year ended December 31, 1998, the Transition Period and the years ended October 31, 1997 and 1996 included the following:

<TABLE>

<CAPTION>

	Year Ended December 31, 1998	Two Months Ended December 31, 1997
<S>	<C>	<C>
In millions		
Domestic.....	(72.8)	(13.6)
Foreign.....	14.1	1.7
	(58.7)	(11.9)
	=====	=====

</TABLE>

The provision for income taxes for the year ended December 31, 1998, the Transition Period and the years ended October 31, 1997 and 1996 consisted of the following:

<TABLE>

<CAPTION>

	Year Ended December 31, 1998	Two Months Ended December 31, 1997
<S>	<C>	<C>
In millions		

Current tax provision		
U.S. Federal.....	\$ (.2)	\$ (1.9)
State.....	(1.4)	(.2)
Foreign.....	5.3	.7
	-----	-----
	3.7	(1.4)
	-----	-----
Deferred tax provision (benefit)		
U.S. Federal.....	(28.7)	(1.5)
Foreign.....	2.0	.1
	-----	-----
	(26.7)	(1.4)
	-----	-----
Income tax provision (benefit).....	\$ (23.0)	\$ (2.8)
	=====	=====

</TABLE>

Income tax provision (benefit) is included in the consolidated statements of operations as follows:

<TABLE>

<CAPTION>

In millions	Year Ended December 31, 1998	Two Months Ended December 31, 1997
	-----	-----
<S>	<C>	<C>
Continuing operations.....	\$ (37.0)	\$ (1.6)
Earnings (loss) from discontinued operations.....	(4.3)	.7
Net gain on disposal of discontinued operations.....	18.3	---
Cumulative effect of change in accounting...	---	(1.9)
	-----	-----
Income tax provision (benefit).....	\$ (23.0)	\$ (2.8)
	=====	=====

</TABLE>

The following is a reconciliation of the provision for income taxes at the U.S. federal income tax rate to the income taxes reflected in the consolidated statements of operations:

<TABLE>

<CAPTION>

In millions	Year Ended December 31, 1998	Two Months Ended December 31, 1997
	-----	-----
<S>	<C>	<C>
Income tax expense at statutory rate.....	\$ (20.5)	\$ (4.2)
Valuation allowances.....	(2.6)	---
Outside basis differences.....	5.2	---
Taxability of foreign subsidiary earnings...	1.6	.5
Tax rate differentials - other jurisdictions	(4.2)	(.4)
Goodwill amortization and write offs.....	1.6	.1
Other.....	(4.1)	1.2
	-----	-----
Income tax provision (benefit).....	(23.0)	(2.8)
	=====	=====

</TABLE>

F-22

<PAGE>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE K - INCOME TAXES (CONTINUED)

The components of the net deferred tax assets as of December 31, 1998 and October 31, 1997 were as follows:

In millions	1998	1997
	-----	-----
Domestic deferred tax assets		
Inventory reserves.....	\$ 1.2	\$ 1.4
Capital loss carryforwards.....	0	5.0
Self insurance reserves.....	3.8	6.2
Other operating reserves.....	66.8	18.0
Retiree medical reserves.....	26.6	16.0
Net operating loss carryforwards.....	8.9	21.6
Basis differences in land and equipment.....	10.2	10.8
Credit carryforwards.....	8.1	4.8
	-----	-----
Gross domestic deferred tax assets.....	125.6	83.8
Valuation allowances.....	---	(6.6)
	-----	-----
Net domestic deferred tax asset.....	125.6	77.2
	-----	-----
Foreign deferred tax assets		
Other operating reserves.....	2.0	2.1
Basis differences in land.....	---	---
Tax deductible goodwill.....	.9	1.0
Net operating loss carryforwards.....	24.6	4.7
Capital loss carryforwards	2.6	2.6
	-----	-----
Gross foreign deferred tax assets.....	30.1	10.4
Valuation allowances.....	(6.8)	(2.8)
	-----	-----
Net foreign deferred tax assets.....	23.5	7.6
	-----	-----
Deferred tax liabilities		
Other operating reserves.....	8.2	8.2
Tax deductible inventory purchases.....	7.0	5.9
Basis differences in land and equipment.....	62.0	17.0
	-----	-----
Deferred tax liability.....	77.2	31.1
	-----	-----
Net deferred tax asset.....	71.7	53.7
	=====	=====
Current deferred tax assets.....	92.7	56.1
Noncurrent deferred tax assets.....	56.2	28.7
Current deferred tax liability.....	(21.7)	(14.1)
Noncurrent deferred tax liability.....	(55.5)	(17.0)
	-----	-----
Net deferred tax assets.....	\$ 71.7	\$ 53.7
	=====	=====

The effect of changes to the valuation allowance on the income tax provision is

a benefit of \$2.6 million and \$9.1 million, for the years ended December 31, 1998 and October 31, 1997, respectively. The benefits relate primarily to reassessments of the Company's ability to realize the related deferred tax assets based upon the then anticipated future worldwide profitability of the Company.

Since the Company plans to continue to finance foreign operations and expansion through reinvestment of undistributed earnings of its foreign subsidiaries (approximately \$74.0 million at December 31, 1998), no provisions are made for U.S. or additional foreign taxes on such earnings. When the Company identifies exceptions to this general investment policy, additional taxes are provided. Unrecognized deferred taxes on remittance of these funds is not expected to be material.

F-23

<PAGE>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE K - INCOME TAXES (CONTINUED)

At December 31, 1998, the Company had U.S. operating losses of \$16.7 million and foreign operating losses of \$52.1 million which may be carried forward for tax purposes. The U.S. operating losses expire in 2018. If certain ownership changes should occur, there would be an annual limitation on the amount of U.S. operating loss carryforwards that could be utilized. Foreign operating losses of \$4.0 million expire in 2004; whereas \$48.1 million may be carried forward indefinitely.

Income taxes paid for the year ended December 31, 1998, the Transition Period and the years ended October 31, 1997 and 1996 were \$9.3 million, \$.5 million, \$7.5 million and \$5.0 million, respectively.

NOTE L - NOTES PAYABLE AND LONG-TERM DEBT

The Company's short-term and long-term debt is summarized below as of the dates shown (in millions).

	Years Ended	
	December 31, 1998	October 31, 1997
Senior credit facility.....	\$ 175.0	\$ 60.0
Private placements.....	175.0	75.0
Lines of credit.....	14.9	46.4
Other.....	14.4	17.6
	-----	-----
	379.3	199.0
Less Current Maturities.....	(176.7)	(47.2)
	-----	-----
	\$ 202.6	\$ 151.8
	=====	=====

Senior Credit Facility

At October 31, 1997 the Company had borrowed \$60 million under a committed credit facility at an average interest rate of 5.905 percent. On August 31,

1998, the Company entered into a senior revolving credit facility ("Credit Facility") with a syndicate of banks. The Credit Facility is unsecured, provides for an aggregate borrowing limit of \$215 million (of which \$175 million had been drawn as of December 31, 1998), and matures three years from the date of execution of the agreement, extendible annually for an additional year with unanimous bank group consent. The Company has the option of borrowing under either the United States prime rate (7.75% at December 31, 1998) or a formula-driven rate based on the London Interbank Offered Rate ("LIBOR"). If the LIBOR-based option is selected, the applicable interest rate will vary between LIBOR plus 1.00% and 2.00% per annum, depending on the Company's ratio of Funded Debt to EBITDA (as defined in the applicable agreement). Additionally, the Company must pay a commitment fee on the unused portion of the Facility, which will also fluctuate, between .25% and .50% per annum, depending on the Company's ratio of expensed Funded Debt to EBITDA. Total commitment fees expensed during the year ended December 31, 1998 was \$0.1 million. Interest and the commitment fees are both payable in arrears. Interest is due either monthly or quarterly depending on the type of funding selected, and the commitment fee is due quarterly. The Credit Facility contains certain affirmative and negative covenants which, among other matters, require compliance with various financial ratios and thresholds including, but not limited to, minimum interest coverage ratio, maximum funded debt to EBITDA and minimum consolidated net worth, as well as certain limitations on liens, dividends, indebtedness, acquisitions, capital expenditures and asset dispositions. The agreement also includes provisions whereby an event of default under the Company's other debt agreements may also constitute an event of default under the Credit Facility. The Company utilized the Credit Facility to refinance certain of its existing indebtedness (including the repayment of the committed credit facility in existence at the time) and for general corporate purposes. As of March 30, 1999, the lead bank in the facility had not yet completed a secondary market participation of \$25 million of its commitment under the Credit Facility. Pursuant to an underwriting agreement with that bank, the terms of the Credit Facility may be modified in connection with this secondary offering.

F-24

<PAGE>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Private Placements

Unsecured, medium-term senior notes in the principal amount of \$75 million were issued in January 1996 to institutional lenders to provide financing for acquisitions, primarily for CTI and Rotor. The principal payments required in future years are \$7.1 million each in 2000 and 2001; \$32.1 million due 2002; \$7.1 million due 2003 and \$21.4 million due thereafter. The blended interest rate for the two series of notes is approximately 6.67 percent per annum. The estimated fair market value of these notes at December 31, 1998 is \$73.5 million.

On June 30, 1998 and October 2, 1998, the Company issued an additional \$75 million and \$25 million, respectively, in senior notes in separate private placement offerings (the "New Senior Notes"). The New Senior Notes are exempt from registration pursuant to Rule 144A of the Securities Act of 1933 and, as such, carry certain restrictions regarding their resale. The New Senior Notes are unsecured and bear interest at fixed rates of 6.83% and 7.05% per annum, respectively. Interest is payable quarterly, with the principal balances due as follows; \$5 million due 2006 and 2007, \$80 million due 2008, and \$5 million due 2009 and 2010. The New Senior Notes may be prepaid in whole or in part at any time, although a premium may apply if this option is elected. The New Senior Notes contain certain affirmative and negative covenants which, among other matters, require compliance with various financial ratios and thresholds

relating, but not limited to, minimum consolidated tangible net worth and maximum debt to total capitalization. The agreements also include provisions whereby an event of default under the Company's other debt agreements may also constitute an event of default under the New Senior Note agreements. The Company utilized proceeds from the New Senior Notes to partially finance its purchase of Green and for general corporate purposes.

In connection with obtaining the Credit Facility, The Company paid approximately \$.78 million in direct costs, which was deferred and is being amortized over a period of three years. For the year ended December 31, 1998, The Company recognized \$0.1 in amortization expense related to such costs.

As a result of losses sustained from continuing operations and the loss on disposal resulting from the decision to sell Ameri-Forge, the Company amended certain provisions of the Credit Facility and Private Placement agreements as of December 31, 1998. The primary effect on the Credit Facility was to (i) lower the required minimum consolidated net worth limit from \$280 million to approximately \$215 million through July 31, 1999, which increases to \$325 million on August 1, 1999, and continues at such level thereafter and (ii) reduce the facility from \$215 million to \$140 million upon consummation of the APG Lime sale. The amended Private Placement agreements provide for; (i) a reduction in the required minimum consolidated net worth limit, as defined, from \$280 million to approximately \$215 million, which increases to \$325 million on July 31, 2000 and (ii) an increase in the maximum amount of debt to capitalization from 55% to 64%, decreasing to 45% over the next 12 months. In addition, the Private Placement agreements require the Company to replace or otherwise terminate the Credit Facility by no later than August 1, 1999, in order to avoid incurring additional interest. If the Company does not terminate the Credit Facility as of that date, the effective interest rate on all series issues will increase by 400 basis points, and the Company will be required to pay a one-time fee of \$875,000. The Company incurred total costs of \$0.95 million in order to effect the aforementioned amendments, which will be deferred and amortized over the remaining lives of the respective instruments.

Management believes that if the Credit Facility is not replaced by August 1, 1999 the Company will be in technical default of the requirement to attain a minimum amount of consolidated net worth of \$325 million by that date. As a result, the Company has classified the \$175 million outstanding under the Credit Facility as a current liability in its consolidated balance sheet at December 31, 1998, as required by the Emerging Issues Task Force release 86-30, "Classification of Obligations When a Violation is Waived by the Creditor" ("EITF 86-30"). The Company has classified the \$175 million outstanding under the Private Placements as long-term in accordance with EITF 86-30. However, if the Company (i) fails to meet the minimum consolidated tangible net worth limit of \$325 million at August 1, 1999 or (ii) fails to replace or otherwise terminate the Credit Facility by August 1, 1999, a "cross default" is probable under the Private Placements and will cause the Private Placements to be classified as current at that time. If such an event occurs, the Company will either have to refinance its existing indebtedness, or it will have to seek alternative sources of funding including, but not limited to, additional asset sales, private and/or public placements of debt, a secondary equity offering, or some combination thereof. There can, however, be no assurance that such actions will be successful, or that such funding will be available to the Company at that time.

The Company had \$8.4 million in cash and cash equivalents on hand at December 31, 1998, and additional borrowing capacity from committed and discretionary unused lines of credit of \$60.4 million. The Company's net working capital deficiency (excluding assets held for sale) was approximately \$17 million at the end of 1998, primarily as a result of the classification of amounts outstanding under the Credit Facility as a current liability. Although there can be no assurance, based on its current financial forecasts management believes that internally-generated funds and borrowings under existing credit facilities will,

most likely, be adequate to meet its principal and interest obligations, working capital and capital expenditure requirements during 1999 (in the absence of an acceleration of principal payments under the Credit Facility and Private Placements, as discussed above). However, such current sources of funds may not be adequate to meet these obligations and/or support the Company's growth strategy beyond 1999. To partially address this situation, and to further its strategy of focusing primarily on its core refractory businesses, on March 9, 1999 the Company announced that it had entered into a definitive agreement to sell APG Lime for \$134 million, including

F-25

<PAGE>

\$130.3 million, in cash, subject to due diligence by management, the sale to be completed in May, 1999. The Company also announced at that time its intent to sell the assets and business of Ameri-Forge, which management expects to be completed by the end of 1999. The Company has been actively marketing Ameri-Forge to potential buyers, and management believes the Company will realize significant proceeds from the divestiture, although less than the net book value. See Note - C "Discontinued Operations" for more information on these planned divestitures. The Company plans to use the majority of the proceeds from the aforementioned divestitures to reduce indebtedness and/or repurchase Company common stock.

In addition, the Company plans to renegotiate the terms of the Credit Facility by August 1, 1999, or refinance indebtedness thereunder on terms which would be more consistent with the Company's current organizational structure and capital requirements. Management believes, based on preliminary discussions with the banks within the syndication, that the Company will be able to reach a satisfactory agreement by August 1, 1999 and avoid the covenant breach discussed above. The new agreement will, in all likelihood, contain terms that differ from those included in the Credit Facility's current agreement, possibly materially. The results of the Company's efforts to sell APG Lime and Ameri-Forge will have a significant effect on its ability to renegotiate or refinance the Credit Facility by August 1, 1999. There can be no assurance that such attempts will be successful.

Lines of Credit

At December 31, 1998, the Company had one uncommitted bank line of credit with an aggregate borrowing limit of \$10 million at a market interest rate. At December 31, 1998, approximately \$.3 million was drawn against this line, and the Company had \$7.3 million in remaining capacity, net of \$2.4 million in outstanding letters of credit. Also included under this caption at December 31, 1998, is \$14.6 million of debt assumed in the acquisition of Aken. Of this amount, approximately \$11.7 million was drawn under a 1 year committed revolver (renewable annually) bearing interest at a market rate, currently at 7.0%, and approximately \$2.9 million was drawn under a weighted average fixed interest rate of 7.16%, with principal payments due in 2003 and 2005. This indebtedness is secured by the assets of Aken. Five discretionary bank lines of credit aggregating \$110 million were available to the Company for short-term borrowing at October 31, 1997 under which \$46.4 million was outstanding; excluding \$9.6 million used for letters of credit.

Other long-term debt decreased from \$17.6 million at October 31, 1997 to \$14.4 million at December 31, 1998, primarily reflecting the repayment of a note in the principal amount of \$10 million, which was issued to provide financing for the acquisition of the refractory business and related assets of Lota-Green and other repayments, net of approximately \$7.9 million of industrial development bonds and capital leases assumed in the acquisition of Green. Interest rates are generally fixed and range from 5.43% to 10.89% per annum.

A summary of the Company's scheduled principal repayments over the next five

years is as follows (in millions):

Year	Amount
1999.....	\$176.7
2000.....	19.4
2001.....	7.7
2002.....	32.7
2003.....	7.7
2004 and thereafter.....	135.1
Total.....	\$379.3

Interest paid during the year ended December 31, 1998, the Transition Period and the years ended October 31, 1997, 1996 was \$13.2 million, \$1.4 million, \$12.8 million and \$6.3 million, respectively. During the year ended December 31, 1998, the Transition Period and the years ended October 31, 1997 and 1996, the Company capitalized \$3.5 million, \$0.4 million, \$2.4 million and \$2.0 million, respectively, of interest relating to capital projects in progress.

NOTE M - INTEREST RATE SWAPS

F-26

<PAGE>

In September 1998, the Company entered into two interest rate swap contracts, the objective of which was to convert a portion of its variable interest rate debt to fixed rate. These contracts have a total notional principal amount of \$75 million and mature in approximately three years. The terms of the swaps provide for the Company to pay a fixed amount quarterly, based on an annual weighted average interest rate of approximately 5.20%. In exchange, the Company will receive a variable amount based on LIBOR, as reset quarterly. The Company has designated these contracts as hedges of \$75 million in variable rate debt currently outstanding under its Credit Facility, which has been drawn under the LIBOR-based borrowing option. Accordingly, gains and losses realized under the swap agreements will increase or reduce interest expense recorded under the Credit Facility. These contracts did not have a material impact on the Company's results of operations for the year ended December 31, 1998. The Company is subject to the risk of nonperformance by the counterparties to these agreements although such event is not anticipated. Fair market value of the contracts, as obtained from the respective banks, was approximately (\$.3 million) at December 31, 1998.

NOTE N - COMMITMENTS AND CONTINGENCIES

Products Liability Claims

The Company remains one of several defendants in lawsuits pending in state courts in Texas, West Virginia, Mississippi and Connecticut in which the plaintiffs allege that they incurred hearing losses, carpal tunnel and other injuries due to their operation of pneumatic and electrical hand tools manufactured by the defendants and used at job sites controlled by customers of the defendants (Tool Claims). In June and October, 1998, the Company entered into settlement agreements for amounts not in excess of recorded reserves resolving approximately 5,150 carpal tunnel and hearing loss claims in Connecticut and Mississippi. The Connecticut cases were dismissed in March 1998, and all of the Mississippi claims are subject to a settlement agreement. Upon implementation of the agreements relating to the Mississippi claims, approximately 250 unresolved claims will remain.

Green and Harbison-Walker, both wholly-owned subsidiaries of the Company, once manufactured and sold certain types of refractory products that contained small quantities of asbestos fiber. They are among numerous companies named as defendants in lawsuits in which the plaintiffs, most of whom worked for customers of the defendants, allege injuries due to exposure to asbestos-containing products (Asbestos Claims). At December 31, 1998, there were approximately 89,000 unresolved Asbestos Claims pending against Green (Green Claims) and 47,000 against Harbison-Walker (H-W Claims), and approximately 39,700 Green Claims and 55,500 H-W Claims that were subject to settlement agreements.

The Company has recorded an accrual of approximately \$283.3 million for Green claims and H-W Claims pending as of December 31, 1998, and separately recorded an asset of \$300.7 million, for Green claims and H-W claims, which is the portion of such accrual that is expected to be recovered over time from insurance. The accrued liability represents an estimate of the probable fees, expenses and liability of Green and Harbison-Walker for all pending Asbestos Claims, both resolved and unresolved.

At the time the Company acquired Green, it was a member of the Center for Claims Resolution (the Center), an organization of twenty companies (Members) that were formerly distributors or manufacturers of asbestos-containing products. The Center administers, evaluates, settles, pays and defends all of the asbestos-related personal injury lawsuits involving its Members. The Center entered into a class action settlement in 1993 that, among other things, limited the number of claims to be processed each year and provided for an injunction against the filing of tort claims against Members. That class action settlement and injunction were vacated by the US Supreme Court in 1998. Since that time Green has been served with approximately 60,000 new Claims in the tort system. In February 1999, Green withdrew from membership in the Center, and the Company is currently processing and managing the Green Claims in the same manner as the H-W Claims.

Certain insurance policies issued to Green prior to its acquisition by the Company provide coverage for a portion of amounts paid to defend and settle Asbestos Claims against Green. The extent and timing of reimbursement under such insurance policies are and will be dependent upon such factors as: the existence and terms of agreements regarding apportionment among the insurers of payments in respect to Asbestos Claims; solvency of the insurers; and policy limits for individual years of coverage and exhaustion thereof by Asbestos Claims against Green and The E. J. Bartells Company, a former subsidiary of Green. The issuers of these policies historically have paid approximately 100 percent of the fees, expenses and indemnity payments incurred by Green for Asbestos Claims.

Estimated fees, expenses and liability for H-W Claims are based upon: the number of pending Harbison-Walker Asbestos Claims; the historical percentage of H-W Claims dismissed; Harbison-Walker's historical average settlement payment per undismissed claim; the projected aging of H-W Claims; and the average monthly defense cost per unresolved claim. The partially offsetting asset reflects management's belief that such amount is recoverable under such policies in respect of the accrued Harbison-Walker liability. Harbison-Walker has reached a coverage in place agreement with insurers that issued approximately 60 percent of the excess coverage for H-W Claims regarding, among other matters, events which trigger such coverage, allocation of payments for indemnity and defense among the parties, and retroactive application of such understandings to past payments by Harbison-Walker. Harbison-Walker is negotiating similar arrangements with other issuers of its applicable excess coverage. Assuming definitive agreements with all such carriers are satisfactorily concluded, and in view of the generally favorable case law, management believes that Harbison-Walker will be reimbursed in

F-27

<PAGE>

the future for a significantly greater percentage of the indemnity payments and defense costs for such claims than it has received in the past.

There can be no certainty that the recorded Harbison-Walker and Green insurance assets will be fully recovered or that Green or Harbison-Walker may not ultimately incur a loss as a result of pending Asbestos Claims in excess of such accrual. However, management believes that additional expenses, if any, related to Harbison-Walker Claims would not have a material effect upon the consolidated financial position or liquidity of the Company and, based upon the experience of Green prior to its acquisition by the Company, anticipates that Green's insurance carriers will make substantially all required payments for Green Claims. Management periodically reviews its estimate of pending Asbestos Claims liability as well as its evaluation of available insurance and makes such adjustments in the accruals as may be appropriate. Such adjustments could affect earnings in a future period.

The Company cannot reasonably estimate the legal liability of Harbison-Walker or Green for unasserted Asbestos Claims, the cost to defend such claims, or the amounts Harbison-Walker and Green may pay to settle future Asbestos Claims or as a result of adverse judgments. Primarily, this is because the potential number of unasserted Asbestos Claims and when they might be asserted cannot reasonably be predicted. Over time, however, the number is expected to be substantial. The uncertainties which impair management's ability to estimate the expense of future Asbestos Claims include: the types and severity of asbestos-related illnesses experienced by future claimants; evidence of their exposure to specific products made by Green or Harbison-Walker; evidence of their exposure to asbestos-containing products made or sold by third parties; evidence of other possible causes or contributing causes of the claimants' illnesses; their earnings; changes by the Center in the apportionment among Members of liability for claims; jurisdiction of suit; enactment of tort reform legislation and its application to such claims; and whether suits are handled by the courts individually or on a consolidated basis.

In view of the number of pending Tool Claims and Asbestos Claims, management recognizes the possibility that multiple adverse judgments, particularly if they involve awards of punitive damages, could have a material effect upon the Company's earnings. However, based upon its review of pending Green and H-W Claims and Tool Claims, the current reserves thereon, information provided by the Center with respect to pending Green Claims, an evaluation of the rights of Harbison-Walker and Green with respect to applicable products liability insurance, its understanding of the terms and conditions of such insurance and discussions with insurers and their representatives, its experience to date with such litigation, and consultation with counsel, the Company believes that pending Asbestos Claims and Tool Claims will not be material either to the financial condition of the Company or to its liquidity.

In addition to asbestos-related personal injury claims asserted against Green, a number of claims have been asserted against Bigelow-Liptak Corporation (now known as A. P. Green Services, Inc.), a subsidiary of Green. These claims have been and are currently being defended by several of such subsidiary's insurance carriers. On January 29, 1998, Great American Insurance Company and American National Fire Insurance Company, two of such carriers, filed a lawsuit in the United States District Court for the Southern District of Ohio against certain of such subsidiary's other insurance carriers and such subsidiary seeking (1) a determination of the rights and obligations of all of the parties under such policies, and (2) contribution for amounts of indemnity costs previously paid. While it is not possible to predict the outcome of such suit, management believes that such subsidiary will prevail in its position that all of such carriers are obligated to pay (subject to applicable policy limits) liabilities arising out of asbestos personal injury claims on behalf of the insured.

Asbestos Related Property Damage Claims

Green is also among numerous defendants in a property damage class action suit pending in South Carolina. Green previously has been dismissed from a number of property damage cases and believes that it should be dismissed from the South Carolina case, based on the end uses of its products. A similar suit pending in the State of Oregon involves a former wholly owned subsidiary of Green and is being defended by Green's insurance carrier. Based upon Green's history in these asbestos-related property damage claims, management does not believe that the ultimate resolution of these matters will have a material adverse effect on the Company's consolidated financial position or results of operations.

Other Claims

On March 6, 1998, a class action lawsuit was filed in the Court of Chancery in the State of Delaware by a former shareholder of Green seeking to enjoin the tender offer by the Company and BGN Acquisition Corp., a subsidiary of the Company, to purchase all outstanding shares of Green common stock. In settlement of the litigation, which settlement is still subject to court approval, Green supplemented its disclosure to shareholders prior to the shareholder vote on the tender offer. In connection with the settlement, plaintiff's counsel intends to apply to the court for an award of attorneys fees and expenses in an amount not to exceed \$180,000, which amount Green has agreed to pay.

On October 7, 1998, class action lawsuits were filed in the Court of Chancery in the State Court of Delaware by two plaintiffs alleging that the Board of Directors of the Company breached their fiduciary duties to the shareholders by adopting an amendment to the Company's Rights Agreement reducing the threshold for exercise of the rights created thereby to the acquisition of 10% or more of the Company's Common Stock. Pursuant to its Restated Certificate of Incorporation, the Company has assumed the defense of such claims which, in the opinion of management, are without merit under Delaware law.

F-28

<PAGE>

On October 1, 1998, Curragh Queensland Mining (Pty) Ltd. filed an action in Denver District Court of the State of Colorado alleging that a dragline sold to it by Dresser Industries, Inc. (Dresser) in 1990, which the plaintiff has used in its surface mining operations in Australia, failed to meet certain performance specifications in the contract relating to the sale of the dragline. Pursuant to the agreement between Dresser and Harbison-Walker, which previously had been named INDRESCO, Inc., the Company's predecessor, relating to the public distribution by Dresser of the shares of INDRESCO, Inc., Harbison-Walker may be required to indemnify Dresser for certain claims such as those asserted by the plaintiff. Although management is unable to predict the outcome of this lawsuit, it believes that legal and contractual defenses available to Harbison-Walker may preclude any recovery by the plaintiff and that any settlement or judgment which the plaintiff may recover is adequately reserved by the Company and, in any event, such recovery would not have a material effect upon the consolidated financial position or liquidity of the Company.

Actions and claims against certain subsidiaries of the Company under common law and state and federal statutes for personal injury, property damage and breach of contract arise in the ordinary course of their businesses. The remedies sought in such actions include compensatory, punitive and exemplary damages as well as equitable relief. Reserves for such lawsuits and claims are recorded to the extent that losses are deemed probable and are estimable. In the opinion of management, the resolution of such pending lawsuits and claims will not have a material effect on the earnings or consolidated financial position of the Company.

Environmental Claims

Certain subsidiaries of the Company have been named potentially responsible

parties with respect to several Environmental Protection Agency-designated superfund sites. Their potential liability with respect to such sites is not expected to be material. When deemed appropriate, reserves are established for costs which may be incurred in connection with environmental clean-up and remediation of Company facilities. In the opinion of management, expenses related to such matters will not have a material effect upon the earnings or consolidated financial position of the Company.

A Company subsidiary received an order from the Commonwealth of Pennsylvania in 1991 demanding remediation of a tract of land, a portion of which had been mined under lease by Harbison-Walker Refractories Company for a period of time prior to 1972. In March, 1997, the Commonwealth's claim was fully resolved by entry of a consent decree providing for payment by the subsidiary of \$775,000 over the following five years.

Other
- - - - -

Rental expense for ongoing operations was \$7.1 million in 1998, \$1.0 million in the Transition Period, \$7.0 million in 1997 and \$4.5 million in 1996. For discontinued operations, \$1.1 million, \$0.2 million, \$0.3 million and \$1.7 million in these time periods. At December 31, 1998, the aggregate minimum annual obligations under noncancellable operation leases were \$5.5 million for 1999; \$4.7 million for 2000; \$4.0 million for 2001; \$3.4 million for 2002; \$3.1 million for 2003, and \$7.6 million in subsequent years. The lease obligations related primarily to general office space, sales office space and warehouses.

The Company has commitments to purchase approximately \$13 million of machinery and equipment at December 31, 1998, primarily at Ameri-Forge. See Note C for more information.

NOTE O - COMPREHENSIVE INCOME

In June 1997, Statement of Financial Accounting Standards No. 130 - "Comprehensive Income," ("SFAS 130"), was issued. SFAS 130 establishes standards for the reporting and display of comprehensive income and its components in a full set of general purpose financial statements. Comprehensive income, as defined by SFAS 130, is the change in equity (net assets) of a business enterprise during a period, from transactions and other events and circumstances from nonowner sources. It includes all changes in equity during a period except those resulting from investments by owners and distributions to owners. The components of comprehensive income (loss) for the Company include net earnings (loss), and changes in the cumulative translation and minimum pension liability adjustments. During the years ended December 31, 1998, October 31, 1997 and 1996, the Company recognized certain reclassifications between comprehensive income components relating to the sales of various businesses. The reclassifications resulted in an increase (decrease) in the net comprehensive income from cumulative translation adjustment of \$(2.1) million during the year ended December 31, 1998, \$1.8 million and \$(7.6) million and the years ended October 31, 1997 and 1996, respectively. In addition, the Company recognized changes in its minimum pension liability adjustment for the periods presented, which were recorded net of \$.5 million, \$2.1 million and \$1.6 million in applicable income taxes for the year ended December 31, 1998, October 31, 1997 and 1996, respectively.

NOTE P - PENSION AND OTHER POSTRETIREMENT BENEFITS

Defined Benefit Pension Plans

Numerous defined benefit pension plans cover substantially all Company employees in the United States. Plans covering salaried employees are based primarily on years of service and qualifying compensation during the final years of employment. Plans covering hourly employees are based primarily on years of

service. Additional defined benefit pension plans cover employees outside the United States in Mexico, Canada and the U.K. The benefits under these plans are based primarily on years of service and compensation levels. The Company funds these plans in amounts at least sufficient to meet the minimum funding requirements under applicable laws and governmental regulations.

F-29

<PAGE>

The Company has several pension plans with an accumulated benefit obligation in excess of plan asset. The aggregate accumulated benefit obligation for such plans was \$95.7 million and \$109.0 million at December 31, 1998 and October 31, 1997, respectively. The total fair market value of assets in these underfunded plans was \$78.7 million and \$94.7 million at December 31, 1998 and October 31, 1997, respectively. A liability has been recognized for all such plans. The minimum liability which must be recorded is equal to the excess of the accumulated benefit obligation over plan assets. For some plans, this results in an additional liability being recorded. In connection with the recording of additional liabilities, corresponding amounts are recorded as an intangible asset or a reduction of equity. At December 31, 1998, the Company recorded \$13.0 million of additional liabilities, \$4.3 million of intangible assets and \$5.4 million as a reduction in equity, net of income taxes, for such plans. The Company had recorded additional liabilities of \$19.1 million, intangible assets of \$9.0 million and \$6.3 million as a reduction in equity, net of income taxes at October 31, 1997.

During the third quarter of 1998, the Company recognized a curtailment loss of approximately \$3 million related to accelerated benefits for terminated employees of closed Harbison-Walker facilities, and the recognition of prior service cost. The charge is included in the consolidated statement of operations under the caption "Restructuring Charges." In addition, the sale of the Marion surface mining equipment business in August 1997 resulted in the termination of employment of essentially all employees engaged in those operations. As a result, the Company recognized a \$1.5 million charge in 1997 for pension curtailment under the caption "Special Charges."

Other Postretirement Benefits

In addition to providing pension benefits, the Company and its subsidiaries currently provide certain health care and life insurance benefits for substantially all retired U.S. bargaining and nonbargaining unit employees meeting eligibility requirements. The Company's policy is to fund these benefits as claims and premiums are paid. All of the company's plans for postretirement benefits, other than pensions, are unfunded.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE P - POSTRETIREMENT BENEFITS - (CONTINUED)

As a result of the sale of the Industrial Tool operations, the Company recognized a curtailment gain of \$4.6 million for post-retirement health care benefits in 1998, which is included in the gain on sale (see Note C for more information). In addition, the August 1997 sale of the Marion surface mining equipment business resulted in a curtailment loss of \$1.0 million under the caption "Special Charges." See Note D for further information.

The following table provides the components of net periodic benefit cost for the plans for the year ended December 31, 1998, the Transition period and the years ended October 31, 1997 and 1996, respectively

<TABLE>

<CAPTION>

Pensic

Amounts in (\$000)

	Year End December 31, 1998	Two Months Ended December 31, 1997
<S>	<C>	<C>
Service cost.....	4.3	0.8
Interest cost.....	13.3	2.0
Expected return on plan assets.....	(19.3)	(2.3)
Amortization of transition (asset) obligation.....	(0.6)	(0.1)
	1.5	0.3
Amortization of prior-service costs.....	1.1	0.1
Recognized Actuarial (gain) loss.....	-----	-----
Net periodic benefit cost.....	0.3	0.8
Curtailment (gain) loss.....	1.2	0.2
	-----	-----
Net periodic benefit cost after curtailments settlements.....	1.5	1.0
	=====	=====

<CAPTION>

Other Postret

Amounts in (\$000)

	Year End December 31, 1998	Two Months Ended December 31, 1997
<S>	<C>	<C>

</TABLE>

F-30

<PAGE>

<TABLE>

<S>	<C>	<C>
Service cost.....	\$ 0.6	\$0.1
Interest cost.....	2.5	0.6
Amortization of prior-service costs.....	(0.1)	0.0
	-----	-----
Net periodic benefit cost.....	\$ 3.0	\$0.7
	=====	=====

</TABLE>

The prior-service costs are amortized on a straight-line basis over the average remaining service period of active participants. Gains and losses in excess of 10% of the greater of the benefit obligation and the market-related value of assets are amortized over the remaining service period of active participants.

On the consolidated balance sheets, Other assets includes prepaid benefit cost and Accrued compensation and benefits includes current pension liabilities.

F-31

<PAGE>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE P - POSTRETIREMENT BENEFITS - (CONTINUED)

<TABLE>
<CAPTION>

Amounts (in millions)	Pension Benefits	
	December 31, 1998	October 31, 1997
<S>	<C>	<C>
Change in benefits obligation		
Benefit obligation, beginning of period...	\$159.5	\$136.5
Service cost.....	5.1	4.1
Interest cost.....	15.2	11.2
Plan amendments.....	1.2	(1.0)
Actuarial (gain) loss.....	13.2	15.1
Acquisitions (divestitures).....	125.6	2.2
Benefit payments.....	(14.3)	(8.7)
Other.....	1.2	0.2
Translation.....	(2.4)	(0.1)
Benefit obligation, end of period.....	304.3	159.5
Change in plan assets		
Fair value, beginning of period.....	147.3	128.6
Actual return on plan assets.....	21.6	14.5
Acquisitions.....	152.2	2.4
Employer contributions.....	14.2	9.5
Benefit payments.....	(14.2)	(7.7)
Translation and Other.....	(4.5)	0.0
Fair value, end of period.....	316.6	147.3
Assets in excess of/(less than) benefit obligation		
Funded Status.....	12.3	(12.2)
Unrecognized transition (asset)/obligation	(2.0)	(2.8)
Unrecognized prior-service cost.....	6.8	10.8
Unrecognized (gain)/loss.....	33.9	24.5
Net amount recognized.....	\$51.0	\$20.3
	=====	=====

</TABLE>

The following table provides the amount recognized in the consolidated balance sheets:

<TABLE>
<CAPTION>

Amounts (in millions)	Pension Benefits		Oth
	December 31, 1998	October 31, 1997	De
<S>	<C>	<C>	<C>
Prepaid benefit cost.....	\$ 58.9	\$ 21.2	
Accrued benefit liability.....	(21.1)	(21.1)	
Intangible asset.....	4.3	9.0	
Accumulated other comprehensive income....	8.9	11.2	
	-----	-----	

Net amount recognized.....	\$ 51.0	\$ 20.3
	=====	=====

</TABLE>

The Company acquired A.P. Green Industries on July 1, 1998, including its pension and retiree health and life benefit plans.

F-32

<PAGE>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The actuarial assumptions used were as follows:

<TABLE>

<CAPTION>

	Pension Benefits		Ot
	December 31, 1998	October 31, 1997	I
<S>	<C>	<C>	<C>
Discount rate.....	6.2% - 7.0%	5.0% - 8.0%	
Expected return on plan assets.....	7.0% - 9.5%	7.0% - 9.5%	
Rate of compensation increase.....	1.5% - 5.0%	1.5% - 5.0%	

</TABLE>

For measurement purposes, a 7% annual rate of increase in the per capita cost of covered health care benefits was assumed for 1999. The rate was assumed to decrease gradually each year to a rate of 5% for 2001 and remain at that level thereafter.

A 1% change in health care cost trend rates would have no material impact on either the net periodic cost or the accumulated post retirement benefit obligation.

Defined Contribution Retirement Plans

In addition to the defined benefit pension plans discussed above, the Company and its subsidiaries sponsor a contribution plan which is funded primarily by employee contributions. The Company's matching contribution to this plan was \$1.0 million for the plan year ending December 31, 1998 and, \$.4 million and \$1.1 million during the years ended October 31, 1997 and 1996, respectively. The Company acquired A.P. Green on July 1, 1998. A.P. Green sponsored three additional defined contribution plans. The Company's matching contribution to these plans was \$.42 million in the time period of July 1, 1998 through December 31, 1998. The A.P. Green Salaried Investment plan was merged with the Global Industrial Technologies defined contribution plan as of December 31, 1998. The other two A.P. Green plans will continue as separate plans.

NOTE Q - EMPLOYEE AND DIRECTOR INCENTIVE PLANS

Stock Option Program

Under the Company's 1992 Stock Compensation Plan, stock options, stock appreciation rights and restricted stock may be granted to officers and key employees. Up to 3,500,000 shares of common stock are subject to the Plan, of which no more than 750,000 shares may be awarded as restricted stock. No grant

may be made for less than 100 percent of the fair market value of the common stock on the date of grant. All options generally expire ten years after the date of grant. All officers and certain key employees have been assigned stock ownership levels and are required to retain 25 percent of any option shares exercised until their ownership level has been achieved.

In September 1998, options to purchase 653,574 shares of Company common stock were granted under the Company's 1992 Stock Compensation Plan, and previously issued options to purchase 1,083,960 shares of common stock were cancelled. The cancelled options provided for exercise prices ranging from \$11.00 to \$20.00 per share. The new option grants, which were subject to employees agreements to cancel previously awarded options, expire ten years after the grant date, carry an exercise price of \$6.91 per share (equal to the closing market price on the grant date) and fully vest on either the first or fifth anniversary of the grant date, unless otherwise accelerated. Under the terms of the option agreements, up to 50% of an employee's options will become fully vested at such time as the average closing price of the Company's common stock equals or exceeds \$10.36 per share for any 21 consecutive trading day period, and another 50% will become fully vested upon the attainment of at least a \$13.81 average closing price for any period of equal length. In the event of an announcement by a third party to acquire more than 30.0% of the Company's common stock, the options will automatically become fully vested. In addition, the Company granted options to purchase 453,467 shares of common stock to certain key employees in December, 1998. These options bear an exercise price of \$8.09 per share (equal to the market price at the date of grant) and carry similar vesting provisions as described above, with the exception of the target share prices which are \$12.14 and \$16.19 per share, respectively. The Company accounts for stock option grants under the provisions of Accounting Principles Board Opinion No. 25 - "Accounting for Stock Issued to Employees," and, accordingly, no compensation expense was recognized at the date of grant, since the options had no intrinsic value.

F-33

<PAGE>

Outside Directors Stock Incentive Plan

The plan provides that options may be granted for up to 300,000 shares and that each nonemployee director will receive annual grants at a price equal to 100% of the fair market value at the time of the grant. The options vest in six months and expire at the end of a ten year period, or at the end of a five year period following death, disability or retirement, whichever is less. A nonemployee director is generally required to retain at least 50 percent of any shares exercised until six months after retirement from the Board. In 1998, the company awarded each outside director a special stock option grant of 20,000 shares.

The stock options granted the Directors were as follows: 32,000 shares in 1993 at an exercise price of \$14.56; 16,000 shares in 1994 at \$13.69; 16,000 shares in 1996 at \$24.50; 20,000 shares in 1997 at \$17.88, and 100,000 shares in 1998 at an average exercise price of \$16.33. At December 31, 1998, options for 184,000 shares were exercisable. Historically, no compensation expense was recognized with respect to option grants to the Directors, since their exercise price was equal to the closing price of the Company's stock on the date of grant. However, the Financial Accounting Standards Board (FASB) is expected to issue an interpretation of Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" (APB 25) in the third quarter of 1999 which, among other things, will change the definition of an "employee" for purposes of applying the provisions of APB 25. Under the new interpretation, a person must meet the criteria of an "employee," as defined under common law in order for an entity to apply the accounting provisions of APB 25. Options granted to outside members of the Board of Directors after December 15, 1998 will therefore be excluded from the scope of APB 25 and, accordingly, the Company will recognize compensation expense for such grants in the future based on the options' respective fair market value at the date of grant. The effect of

this change is not expected to have a material impact on the Company's results of operations or financial position.

F-34

<PAGE>

Stock Option Summary

In 1997, the Company adopted the disclosure-only option under Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" (SFAS 123). If the Company had recorded compensation expense in 1998, the transition period, 1997 and 1996 for the stock options granted in accordance with the provisions of SFAS 123, the pro forma net earnings (loss) from continuing operations would have been (\$53.3) million, (\$5.2) million, (\$25.8) million and \$25.6 million, and the pro forma basic net earnings (loss) from continuing operations per share would have been (\$2.42), (\$0.24), (\$1.14) and \$1.13 in 1998, the transition period, 1997 and 1996, respectively. The pro forma diluted net earnings (loss) per share would have been (\$2.42), (\$0.24), (\$1.12) and \$1.13 in 1998, the transition period, 1997 and 1996, respectively. The estimated fair value of the options granted during 1998, 1997 and 1996 using the Black-Scholes pricing model is \$9.1 million, \$1.2 million and \$3.2 million, respectively. For purposes of the pro forma disclosures, these values are expensed over the vesting periods of the options.

The significant assumptions used to estimate the fair value of the stock options granted in 1998, 1997 and 1996 include a risk-free rate of return of 5.0% (1998 options), 6.2% (1997 options) and 6.8% (1996 options), expected option lives 6.0 years (1998 options), 6.0 years (1997 options) and 8.4 years (1996 options), expected volatility of 24% for 1998 and 28% for both 1997 and 1996 options and no expected dividend payments.

A summary of stock option activity is as follows:

<TABLE>

<CAPTION>

	Year Ended December 31, 1998		2 Month Period Ended December 31, 1997		19
	Number Of Shares	Average Exercise Price	Number of Shares	Average Exercise Price	Number of Shares
<S>	<C>	<C>	<C>	<C>	<C>
Options outstanding at beginning of year...	1,365,091	\$14.86	1,425,489	\$14.90	1,441,726
Options granted.....	2,320,606	\$10.58	---	---	181,800
Options exercised....	(157,738)	\$ 9.23	(50,698)	\$15.68	(184,937)
Options canceled.....	(1,235,960)	\$16.09	(9,700)	\$17.48	(13,100)
Options outstanding at end of year.....	2,291,999	\$10.25	1,365,091	\$14.86	1,425,415
	=====		=====		=====
Options exercisable at end of year.....	1,838,532	\$10.78	1,190,391	\$14.11	1,249,789
	=====		=====		=====

</TABLE>

The following information is presented for stock options outstanding at December 31, 1998.

<TABLE>

<CAPTION>

Exercise Price Range	Outstanding Option Shares		
	Shares	Average Life (in years)	Avera
<S>	<C>	<C>	<C>
\$ 6.90 - \$ 9.16.....	1,409,057	9.6	\$
\$10.84 - \$15.94.....	698,242	6.7	\$
\$16.92 - \$20.00.....	184,700	7.7	\$
Totals.....	2,291,999	8.5	\$

</TABLE>

As of December 31, 1998 there were a total of 446,347 shares reserved for future options and other grants under the Plan.

F-35

<PAGE>

Deferred Compensation Plan

Key executives may elect to have certain earned incentive awards paid on a current or deferred basis. Amounts deferred are deemed invested in stock units, at a 25% discount to the then market price, and become payable as common stock following termination. Officers must invest a minimum of 50 percent of any management incentive in company stock or stock units if they have not achieved their stock ownership requirement. Nonofficer key employees subject to the stock ownership policy must also invest at least 30 percent of any incentive until their requirements are met.

NOTE R - CAPITAL STOCK

Purchase of Common Stock

In August 1993, the Board of Directors approved a plan to purchase up to 4.1 million shares of the Company's common stock. In August 1994, the Board increased this authorization by 2 million shares. In 1997, the Board authorized additional purchases up to 10 percent of the Company's then outstanding shares at July 1, 1997, or approximately 2.2 million shares. The Company purchased shares of common stock in the open market as shown in the table below. During the year ended December 31, 1998, the transition period and the years ended October 31, 1997 and 1996, 195,656, 50,698, 191,971 and 255,176, shares of treasury stock were issued pursuant to employee benefit plans, respectively.

<TABLE>

<CAPTION>

Year Ended	Shares Purchased	Av
<S>	<C>	<C>
December 31, 1998		
2 Months Ended December 31, 1997	132,300	
October 31, 1997	877,352	
October 31, 1996	150,300	
October 31, 1995	643,061	
October 31, 1994	3,375,100	

Total

 5,178,113
 =====

</TABLE>

Preferred Stock Purchase Rights

On July 28, 1992, the Board of Directors declared a dividend distribution of one Preferred Stock Purchase Right (Right) for each outstanding share of the Company's common stock to shareholders of record on August 7, 1992. Unless renewed, the Rights will expire on July 27, 2002.

Pursuant to the third amendment to the Preferred Stock Purchase Rights Agreement (signed on October 5, 1998) the Rights will generally not be exercisable until after 10 days (or such later time as the Board of Directors may determine) from the earlier of a public announcement that a person or group has, without Board approval, acquired beneficial ownership of 10 percent or more of the Company's common stock or the commencement of, or public announcement of an intent to commence, a tender or exchange offer which, if successful, would result in the offeror acquiring 30 percent or more of the Company's common stock. Beneficial Ownership by any person of 10% or more of the Company's common stock as of the close of business on October 5, 1998, will not, however, trigger the exercisability provisions of the Rights until such time thereafter as any such person shall become the Beneficial Owner (other than by means of a stock dividend or stock split) of an additional 100,000 shares of common stock. Once exercisable, each Right would entitle its holder to purchase 1/100 of a share of the Company's Series A Junior Preferred Stock at an exercise price of \$45 subject to adjustment in certain circumstances.

If the Company is acquired in a merger or other business combination not previously approved by the Company's Continuing Directors, each Right then exercisable would entitle its holder to purchase at the exercise price that number of shares of the surviving company's common stock which has a market value equal to twice the Right's exercise price. In addition, if any person or group (with certain exceptions) were to acquire beneficial ownership of 10 percent or more of the Company's common stock (unless pursuant to a transaction approved by the Company's Continuing Directors), each New Right would entitle all right holders, other than the 10 percent stockholder or group, to purchase Series A Junior Preferred Stock having a market value equal to twice the Right's exercise price. The Rights may be redeemed by the Company for \$.01 per Right until the tenth day after a person or group has obtained beneficial ownership of 10 percent or more of the Company's common stock (or such later date as the Continuing Directors may determine).

The Board of Directors took action on December 23, 1998 to delay distribution of the Rights pursuant to the terms of the Preferred stock Purchase Rights Agreement, and as of March 29, 1999, the Company's Board of Directors had not invoked the exercisability provisions of the Rights in response to the announcement by GT Acquisition Corp, to acquire Company common stock (see Note A - for more information).

F-36

<PAGE>

Therefore, the Rights are not considered to be common stock equivalents and the Rights have no effect on earnings per share.

NOTE S - RECENTLY ISSUED STATEMENTS OF FINANCIAL ACCOUNTING STANDARDS
 ACCOUNTING FOR DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

In June 1998, Statement of Financial Accounting Standards No. 133 (SFAS 133), "Accounting for Derivative Instruments and Hedging Activities," was issued. SFAS 133 establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts (collectively referred to as derivatives), and for hedging activities. It requires that an entity recognize all derivatives as either assets or liabilities in the statement of financial position and measure those instruments at fair market value. The recording of the offsetting debits or credits is dependent upon the purpose for which the derivative instrument was entered into. In cases where specified conditions are met, the Statement permits "hedge" accounting in which gains and losses on the derivative hedging instrument are matched with offsetting losses and gains on the underlying item that is being hedged. This statement is effective for all fiscal quarters of all fiscal years beginning after June 15, 1999. Earlier application of most of this statement's provisions is encouraged, but is only permitted as of the beginning of any fiscal quarter that begins after June 15, 1998. No decision has been made as to when the Company will adopt this statement. Currently, management does not anticipate that its adoption will have a material impact on the results of operations, financial position, liquidity or compliance with covenants contained in the Company's debt agreements since, historically, its use of derivative instruments has been minimal. However, risk management policies and procedures are continually being refined and the Company may, from time to time, increase its use of such instruments in order to mitigate potential risks resulting from foreign currency exchange, commodity price and interest rate fluctuations.

Accounting for Stock Issued to Employees

In the third quarter of 1999, the Financial Accounting Standards Board (FASB) is expected to issue an interpretation of Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" (APB 25). Among other things, the proposed interpretation would change existing practice with regard to (1) the definition of an "employee" for purposes of measuring compensation expense (see Note - Q for more information) and (2) variable-plan accounting would be required in the event that the terms of an option (originally accounted for as a fixed plan) are modified during the option term to directly change the exercise price. The FASB extended the application of this concept to include the cancellation of an option and the subsequent issuance of a new option (with a lower exercise price) shortly thereafter to the same individual. In addition, the FASB also concluded that variable-plan accounting should be applied to a modification that directly changes the number of shares granted under a stock option or award, except in certain circumstances (for example, adjustments for stock splits, stock dividends, or equity restructurings that do not increase the value of the stock option or award). The effective date of the proposed interpretation is expected to be in September, 1999 and would be applied prospectively to all transactions entered into after December 15, 1998. The interpretation is not expected to have a material impact on the Company's results of operations or financial position.

NOTE T - SUPPLEMENTARY INCOME STATEMENT INFORMATION

Depreciation, depletion and amortization of property, plant and equipment charged to earnings for continuing operations amounted to \$20.7 million, \$2.4 million, \$13.6 million, and 11.3 million for the year ended December 31, 1998, the Transition Period and the years ended October 31, 1997 and 1996, respectively. For discontinued operations, \$7.7 million, \$1.1 million, \$5.7 million, and \$4.8 million for the year ended December 31, 1998, the Transition Period and the years ended October 31, 1997 and 1996, respectively.

Research and development expenses for ongoing operations were \$3.9 million, \$0.5 million, \$3.7 million, and \$3.7 million for the year ended December 31, 1998, the Transition Period and the years ended October 31, 1997 and 1996,

respectively. For discounted operations, \$0.1 million, \$0.1 million, \$1.4 million, and \$1.2 million for the year ended December 31, 1998, the Transition Period and the years ended October 31, 1997, and 1996, respectively.

During October 1997, the Company recorded a \$2.7 million charge related to the termination of 72 employees of the Refractory Products segments. The charge is included in "Other, net" in the accompanying consolidated statement of earnings.

NOTE U - INFORMATION BY INDUSTRY SEGMENT AND GEOGRAPHIC AREA

In December, 1998 the Company adopted Statement of Financial Accounting Standards No. 131 (SFAS 131), "Disclosures about Segments of an Enterprise and Related Information" which requires disclosure of segment information based on the management approach. Under this approach, the Company has two reportable segments; Refractory Products and Minerals and All Other. Operating segments were determined based on differences in products.

Total sales include sales to unaffiliated customers and intergeographic area sales. The intergeographic area sales are accounted for at approximate arm's length market prices. No single customer accounted for 10 percent or more of total sales.

F-37

<PAGE>

The accounting policies of the reportable segments are the same as those described in Significant Accounting Policies. Segment profit (loss) consists of total revenue less total operating expenses. Restructuring, impairment, and other special charges, corporate expenses, interest expense, income taxes and other non-segment items have been excluded in determining segment operating profit. Divested activities' results are reflected separately in revenues and segment profit (loss). Segment assets are those assets that are identified with particular segments. Corporate assets are principally cash and cash equivalents, miscellaneous receivables and deferred income tax benefits. Following is a description of the Company's reportable segments.

Refractory Products and Mineral

This segment consists of the Harbison-Walker and Green refractory operations, which are leading suppliers of refractory products and primarily licensor of technology; Refmex, the largest Mexican producer of refractory products for steel and cement producers; RECSA, the largest Chilean producer of refractory products and Aken, a German producer of refractory products. Refractories, which are made principally from magnesite, graphite, chromite, bauxite, quartzite and fire clays, are used in virtually every industrial process requiring heating or containment of a solid, liquid or gas at a high temperature. The Refractory Products and Minerals segment now includes the operating results of the Company's plant in Luddington, Michigan, which serves primarily as an internal source of magnesite. In prior years, this plant was included in the Minerals segment. To conform to the current year's presentation, the prior years' results of operations for the old Minerals segment have been combined with those of Refractory products.

All Other

This segment represents the Company's remaining continuing operating units which did not individually meet the segregation criteria prescribed by SFAS 131. The operations included are CTI, Shred-Tech and the processing equipment operations of Jeffrey. CTI has developed and patented advanced polymer concrete tankhouse cells used in the electrolytic refining of copper and other nonferrous metals. Shred-Tech and Jeffrey processing equipment operations manufacture processing, shredding and recycling equipment used in a variety of industries and

applications. See Note C for further information.

F-38

<PAGE>

NOTE U- INFORMATION BY INDUSTRY SEGMENT AND GEOGRAPHIC AREA (CONTINUED)

<TABLE>

<CAPTION>

INDUSTRY SEGMENT	Year ended December 31, 1998	
	<C>	<
Revenues		
Refractory Products and Minerals.....	\$ 444.2	
All other.....	47.5	

Reportable segment revenues.....	491.7	
Divested operations.....	2.7	

Total.....	\$ 494.4	
	=====	
Operating profit (loss)		
Refractory Products and Minerals.....	\$ 15.0	
All other.....	.8	

Reportable segment profit (loss).....	15.8	
Restructuring charges.....	(36.9)	
Impairment of long-lived assets.....	(23.3)	
Special charges.....	(7.7)	
Corporate expenses.....	(22.3)	
Divested operations.....	(2.6)	
Interest expense.....	(11.0)	

Earnings (loss) from continuing before income taxes.....	\$ (88.0)	
	=====	
Depreciation, depletion and amortization		
Refractory Products and Minerals.....	\$ 19.2	
All other.....	3.3	

Reportable segment depreciation, depletion and amortization...	22.5	
Corporate.....	0.7	
Divested operations.....	0.0	
Discontinued operations.....	8.8	

Total depreciation, depletion and amortization.....	\$ 32.0	
	=====	
Capital expenditures		
Refractory Products and Minerals.....	\$ 14.8	
All other.....	3.4	

Reportable segment capital expenditures.....	18.2	
Corporate.....	1.9	
Divested operations.....	0.0	

Discontinued operations.....	39.2

Total capital expenditures.....	\$ 59.3
	=====
Assets	
Refractory Products and Minerals.....	\$ 548.7
All other.....	52.3

Reportable segment assets.....	601.0
Corporate.....	465.7
Divested operations.....	7.1
Discontinued operations.....	192.2

Total assets.....	\$1,266.0
	=====

</TABLE>

F-39

<PAGE>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE U - INFORMATION BY INDUSTRY SEGMENT AND GEOGRAPHIC AREA - (CONTINUED)

The following table presents revenues from continuing operations by geographic area based on the location in which the sale originated.

<TABLE>
<CAPTION>

	Year ended December 31, 1998	Year enc ----- 1997
	-----	-----
<S>	<C>	<C>
Revenues		
United States.....	\$291.3	\$271.1
Canada.....	39.3	37.1
Mexico.....	65.9	68.3
All other.....	97.9	57.4
	-----	-----
Total Revenue.....	\$494.4	\$433.9
	=====	=====

</TABLE>

The following table presents long-lived assets by physical location:

	<C>	<C>
<S>		
Long-lived assets		
United States.....	\$195.8	\$255.3
Canada.....	15.0	10.9
Mexico.....	36.0	22.0

All other foreign countries.....	39.0	35.2
	-----	-----
Total long-lived assets.....	\$285.8	\$323.4
	=====	=====

</TABLE>

F-40

<PAGE>

INDEX TO EXHIBITS

PAGE	EXHIBIT	DESCRIPTION
----	-----	-----
2.1		Agreement and Plan of Merger, dated as of October 30, 1995, among Global Industrial Technologies, Inc., GPI Merger, Inc. and INDRESCO Inc. (Incorporated herein by reference to Exhibit 2.1 to Form 10-K for the year ended October 31, 1995).
2.2		Reorganization Agreement, dated October 20, 1995, among INDRESCO Inc., GIX Marion, Inc., Shred Pax Systems, Inc., INTOOL, Inc., Global Industrial Technologies, Inc., GPI Merger, Inc., GPX Corp., and GLOBAL INDUSTRIAL TECHNOLOGIES, INC. Limited. (Incorporated herein by reference to Exhibit 2.2 to Form 10-K for the year ended October 31, 1995).
2.3		Acquisition Agreement dated as of August 12, 1994, by and among Penoles, Quimica Magna, S.A. de C.V. ("Quimica"), Refmex, RefGreen, Flir, Quimica de Rey, S.A. de C.V. ("QDR"), INDRESCO, Indresco Mexico, IIRI and Refractarios Mexicanos (Incorporated by reference to Exhibit 2 to Form 8-K, Current Report, dated September 30, 1994).
2.4		First Amendment to Acquisition Agreement dated as of September 30, 1994, by and among Penoles, Quimica, Refmex, RefGreen, Flir, QDR, INDRESCO, Indresco Mexico, IIRI and Refractarios Mexicanos (Incorporated by reference to Exhibit 2.1 to Form 8-K, Current Report, dated September 30, 1994).
2.5		Inventory Purchase Agreement dated as of September 30, 1994, by and among Quimica and Refractarios Mexicanos (Incorporated by reference to Exhibit 2.2 to Form 8-K, Current Report, dated September 30, 1994).
2.6		Assignment and Assumption Agreement dated as of September 30, 1994, by and among Refmex, RefGreen and Refractarios Mexicanos (Incorporated by reference to Exhibit 2.3 to Form 8-K, Current Report, dated September 30, 1994).
2.7		Flir Asset Purchase Agreement dated as of September 30, 1994, by and among Flir and Refractarios Mexicanos (Incorporated by reference to Exhibit 2.4 to Form 8-K, Current Report, dated September 30, 1994).
2.8		Magnesite Supply Agreement dated as of September 30, 1994, by and between QDR and Refractarios Mexicanos (Incorporated by reference to Exhibit 2.5 to Form 8-K, Current Report, dated September 30, 1994).
2.9		Stock Purchase Agreement dated as of September 30, 1994, by and among IIRI, Indresco Mexico and Quimica (Incorporated by

reference to Exhibit 2.6 to Form 8-K, Current Report, dated September 30, 1994).

- 2.10 Noncompetition Agreement dated as of September 30, 1994, by and between Penoles and INDRESCO (Incorporated by reference to Exhibit 2.7 to Form 8-K, Current Report, dated September 30, 1994).
- 2.11 Stock Purchase Agreement dated as of March 8, 1999 among the Company, A.P. Green Industries, Inc. and Chemical Lime Corporation (Incorporated herein by reference to Exhibit 2.1 to Registrant's Current Report on Form 8-K, dated March 9, 1999).
- *2.12 First Amendment, dated as of March 26, 1999, to the Stock Purchase Agreement among the Company, A.P. Green Industries, Inc. and Chemical Lime Corporation.
- 2.13 Agreement and Plan of Merger, dated as of March 3, 1998 by and between BGN Acquisition Corp., a wholly-owned subsidiary of Registrant and A.P. Green Industries, Inc. (Incorporated herein by reference to Registrant's Current Report on Form 8-K, dated March 12, 1998).
- 3.1 Form of Restated Certificate of Incorporation of the Registrant filed with the Secretary of State of Delaware and effective on November 1, 1995 (Incorporated by reference to Exhibit 3.1 to Form 8-B, Registration Statement effective November 1, 1995).

R-1

<PAGE>

INDEX TO EXHIBITS (Continued)

PAGE	EXHIBIT	DESCRIPTION
-----	-----	-----
*3.2		Amended and Restated Bylaws of the Registrant.
3.3		Certificate of Designations of Series A Junior Preferred Stock of the Registrant (Incorporated by reference to Exhibit 3.3 to Form 8-B, Registration Statement, effective November 1, 1995).
4.1		Form of Common Stock Certificate. (Incorporated herein by reference to Exhibit 4.1 to Form 10-K for the year ended October 31, 1995).
4.2		Form of Rights Agreement between the Registrant and The Bank of New York (Incorporated by reference to Exhibit 4.2 to Form 8-B, Registration Statement, effective November 1, 1995).
4.3		Amendment No. 4 to the Rights Agreement dated as of February 9, 1999 (Incorporated herein by reference to Exhibit 1 to Registrant's Report on Form 8-A/A, dated February 17, 1999).
4.4		Amendment No. 3 to the Rights Agreement dated as of October 5, 1998 (Incorporated herein by reference to Exhibit 99.1 to Registrant's Current Report on Form 8-K, dated October 7, 1998).
4.5		Amendment No. 2 to the Rights Agreement dated as of September 18, 1998 (Incorporated herein by reference to Exhibit 1 to Registrant's Report on Form 8-A/A, dated September 21, 1998).

- 4.6 Amendment No. 1 to the Rights Agreement dated as of February 16, 1998 (Incorporated herein by reference Registrant's Report on Form 8-A, dated March 12, 1998).
- 10.1 Distribution Agreement (Incorporated by reference to Exhibit 10.1 to Form 10).
- 10.2 Master Corporate Services and Support Agreement (Incorporated by reference to Exhibit 10.2 to Form 8, Post Effective Amendment No. 3 to Form 10).
- 10.3 Employee Matters Agreement (Incorporated by reference to Exhibit 10.3 to Form 8, Post Effective Amendment No. 3 to Form 10).
- 10.4 Environmental Matters Agreement (Incorporated by reference to Exhibit 10.4 to Form 8, Post Effective Amendment No. 3 to Form 10).
- 10.5 Intellectual Property Agreement (Incorporated by reference to Exhibit 10.5 to Form 8, Post Effective Amendment No. 3 to Form 10).
- 10.6 Tax Sharing Agreement (Incorporated by reference to Exhibit 10.6 to Form 8, Post Effective Amendment No. 3 to Form 10).
- #10.7 Global Industrial Technologies, Inc. 1992 Stock Compensation Plan, as amended, (Incorporated herein by reference to Exhibit A to Registrant's Definitive Proxy Statement dated February 12, 1993 for the Annual Meeting of Shareholders held March 17, 1993).
- #10.8 Amendment to the Global Industrial Technologies, Inc. 1992 Stock Compensation Plan, adopted March 18, 1998 (Incorporated herein by reference to Exhibit 7 to Registrant's Schedule 14D-9 dated December 23, 1998).
- #10.9 Global Industrial Technologies, Inc. Deferred Compensation Plan (incorporated herein by reference to Exhibit A to Registrant's Definitive Proxy Statement dated February 10, 1995 for the Annual Meeting of Shareholders held March 15, 1995).
- #10.10 Global Industrial Technologies, Inc. 1993 Directors' Stock Incentive/Retirement Plan (Incorporated herein by reference to Exhibit 10.7 to Form 10-K for the year ended October 31, 1993).
- #10.11 Global Industrial Technologies, Inc. Incentive Stock Unit Plan (Incorporated herein by reference to Exhibit 10.11 to Form 10).

R-2

<PAGE>

INDEX TO EXHIBITS (Continued)

PAGE	EXHIBIT	DESCRIPTION
#10.12		Incentive Compensation Plan for the Officers and Headquarters' Staff of Global Industrial Technologies, Inc., as amended (Incorporated by reference to Exhibit 10.7 to Form 10-K for the year ended October 31, 1993).
#10.13		Global Industrial Technologies, Inc. Retirement Income Plan for

Industrial Operations (Incorporated by reference to Exhibit 10.10 to Form 10).

- #10.14 ERISA Compensation Limit Benefit Plan for Executives of Global Industrial Technologies, Inc. (Incorporated by reference to Exhibit 10.6 to Registrant's Form 10-Q for the quarter ended July 31, 1992).
- #10.15 ERISA Excess Benefit Plan for Salaried Employees of Global Industrial Technologies, Inc. and its Participating Subsidiaries Who Are Not Represented By a Recognized Union (Incorporated by reference to Exhibit 10.7 to Registrant's Form 10-Q for the quarter ended July 31, 1992).
- #10.16 Supplemental Executive Retirement Plan for Top Executives of Global Industrial Technologies, Inc. (Incorporated by reference to Exhibit 10.7 to Form 10-K for the year ended October 31, 1993).
- #10.17 Global Industrial Technologies, Inc. Division Executive Incentive Plan (Incorporated by reference to Exhibit 10.16 to Form 10-K for the year ended October 31, 1994).
- #10.18 Global Industrial Technologies, Inc. Deferred Savings Plan, as Amended and Restated, and related Trust Agreements (Incorporated by reference to Exhibit 5.01 to Registration Statement No. 33-98006 on Form S-8).
- 10.19 Credit Agreement, dated as of September 23, 1994, among INDRESCO Inc., Various Financial Institutions and Bank of America Illinois, as Agent (Incorporated by reference to Exhibit 10 to Form 10-Q for the quarter ended July 31, 1995)
- 10.20 Assignment and Assumption Agreement and Second Amendment to Credit Agreement, entered into as of November 1, 1995, among Harbison-Walker Refractories Company (formerly known as INDRESCO Inc.), Global Industrial Technologies, Inc., GPX Corp. and Bank of America Illinois, as Lender and Agent. (Incorporated by reference to Exhibit 10.19 to Form 10K for the year ended October 31, 1995).
- 10.21 Form of Incentive Stock Option Agreement, dated September 18, 1998 (Incorporated herein by reference to Exhibit 8 to Registrant's Schedule 14D-9 dated December 23, 1998).
- 10.22 Form of Nonqualified Stock Option Agreement, dated September 18, 1998 (Incorporated herein by reference to Exhibit 9 to Registrant's Schedule 14D-9 dated December 23, 1998).
- 10.23 Severance Agreement dated February 23, 1998 by and between the Company and Mr. Graham L. Adelman (Severance Agreements with Mr. Juan M. Bravo and Mr. Herbert Linser, respectively, are identical to the Severance Agreement filed as this Exhibit, except as to the name of party and the Severance Agreement dated December 18, 1998 with Mr. Rawles Fulgham is identical to the Severance Agreement filed as this Exhibit, except as to the name of party and the date (Incorporated herein by reference to Exhibit 2 to Registrant's Schedule 14D-9 dated December 23, 1998).
- 10.24 Severance Agreement dated February 23, 1998 by and between the Company and Mr. George W. Pasley (Severance Agreements with Mr. James B. Alleman and Mr. Maurice W. Barrett, respectively, are

identical to the Severance Agreement filed as this Exhibit, except as to the name of party; and Severance Agreements dated December 18, 1998 with Ms. Jeanette H. Quay and Ms. Donna A. Reeves, respectively, are identical to the Severance Agreement filed as this Exhibit except as to the name of party and the dated) (Incorporated herein by reference to Exhibit 3 to Registrant's Schedule 14D-9 dated December 23, 1998).

- 10.25 Form of Amendment No. 1 dated September 18, 1998 to the Severance Agreements dated February 23, 1998 by and between the Company and Mr. Graham L. Adelman, Mr. Juan M. Bravo, Mr. Herbert Linser, Mr. George W. Pasley, Mr. James B. Alleman and Mr. Maurice W. Barrett, respectively (Incorporated herein by reference to Exhibit 4 to Registrant's Schedule 14D-9 dated December 23, 1998).
- 10.26 Form of Amendment No. 2 dated October 27, 1998 to the Severance Agreements dated February 23, 1998 by and between the Company and Mr. Graham L. Adelman, Mr. Juan M. Bravo, Mr. Herbert Linser, Mr. George W. Pasley, Mr. James B. Alleman and Mr. Maurice W. Barrett, respectively (Incorporated herein by reference to Exhibit 5 to Registrant's Schedule 14D-9 dated December 23, 1998).
- 10.27 Form of Amendment No. 3 dated March 8, 1998 to the Severance Agreement dated February 23, 1998 by and between the Company and Mr. James B. Alleman (Amendment to Severance Agreements with Mr. George W. Pasley, Mr. Maurice W. Barrett, Ms. Jeanette H. Quay and Ms. Donna A. Reeves respectively, are identical to the Amendment to Severance Agreement filed as this Exhibit except as to the name of the party and as to the original dated of the Agreement which is December 18, 1998 for Ms. Quay and Ms. Reeves) (Incorporated herein by reference to Exhibit 18 to Registrant's Schedule 14D-9/A dated March 29, 1999).
- *10.28 Amendment No. 1, dated as of March 5, 1999, to the Credit Agreement among the Registrant, GPX Corporation, Chase Bank of Texas, Bank of America, National Trust and Savings Association and The Chase Manhattan Bank.
- *10.29 Amendment No. 1, dated as of March 29, 1999, to Note Agreement dated as of October 2, 1998, among the Registrant, GPX Corp. and the Prudential Insurance Company of America.
- *10.30 Amendment No. 2, dated as of March 29, 1999, to Note Agreement dated as of June 30, 1998, among the Registrant, GPX Corp., the Prudential Insurance Company of America and U.S. Private Placement Fund.
- *10.31 Amendment No. 3, dated as of March 29, 1999, to Note Agreement dated as of January 31, 1996, among the Registrant, GPX Corp., the Prudential Insurance Company of America and Principal Life Insurance Company.
- *21 Subsidiaries of the Registrant.
- *23 Consent of PricewaterhouseCoopers LLP.

*Filed herewith.

Management compensatory plan

The Company will furnish copies of any exhibit on request and payment of the

Company's reasonable expenses of furnishing such exhibit.

R-3

<PAGE>

<TABLE>

<CAPTION>

Corporate Headquarters

<S>

Global Industrial Technologies, Inc.
2121 San Jacinto Street, Suite 2500
Dallas, Texas 75201
Telephone: 214 953-4500
Fax: 214 953-4596

Refractory Products

Harbison-Walker Refractories Company
600 Grant Street, 50th Floor
Pittsburgh, Pennsylvania 15219
President: Juan M. Bravo
Telephone: 412 562-6307
Fax: 412 562-6234

Harbison-Walker Refractories GmbH (Aken)
Dessauer, Landstrasse 61
06385 Aken/Elbe, Germany
General Manager: John Brooks
Telephone: 011-49-3490981-250
Fax: 011-49-3490981-258

Harbison-Walker Refractories S.A.
Carretera Panamericana Norte 3076
Santiago, Chile
General Manager: Wielhen Leskovsek
Telephone: 011 562 641-9113
Fax: 011 562 644 8897

Harbison-Walker Refractories S.A. de C.V.
Carretera Saltillo -Monterrey Km.9
Ramos Arizpe, Coahuila 25900 Mexico
President: Julio Labadie
Telephone: 011 52 84 88 0031
Fax: 011 52 84 88 0051

</TABLE>

R-1

</TEXT>

</DOCUMENT>

<DOCUMENT>

<TYPE>EX-2.12

<SEQUENCE>2

<DESCRIPTION>FIRST AMENDMENT TO STOCK PURCHASE AGREEMENT

<TEXT>

<PAGE>

All Other

<C>

Corrosion Technology
2121 San Jacinto Street
Dallas, Texas 75201
President: Jose Broit
Telephone: 214 953-46
Fax: 214 953-4685

Global Processing Gro
2121 San Jacinto Street
Dallas, Texas 75201
President: Maurice W
Telephone: 214-953-46
Fax: 214-953-4685

Forged Products

Ameri-Forge Corporation
13770 Industrial Road
Houston, Texas 77015
President: Tom Hurst
Telephone: 713 393-42
Fax: 713 393-4280

EXHIBIT 2.12

FIRST AMENDMENT TO STOCK PURCHASE AGREEMENT (the "Amendment"), is made and entered into as of March 26, 1999, among GLOBAL INDUSTRIAL TECHNOLOGIES, INC., a Delaware corporation ("Global"), A.P. GREEN INDUSTRIES, INC., a Delaware

corporation and wholly-owned subsidiary of Global (the "Seller"), and CHEMICAL LIME COMPANY, a Nevada corporation ("Purchaser").

WITNESSETH:

WHEREAS, Global, Seller and Purchaser entered into a Stock Purchase Agreement dated as of March 8, 1999 (the "Agreement"); and

WHEREAS, the parties desire to amend Section 2.2(a) and Section 9.1 of the Agreement;

NOW, THEREFORE, in consideration of the mutual covenants and undertakings contained herein, and subject to and on the terms and conditions set forth herein and in the Agreement, the parties hereto agree as follows:

1. Amendments.

- (a) Section 2.2(a) of the Agreement is hereby amended by deleting the number "25" in clause (ii) thereof and replacing such number with the number "27".
- (b) Section 9.1 of the Agreement is hereby amended by deleting the text of clause (ii) of the first sentence of Section 9.1 and replacing such text with the following: "Purchaser gives written termination notice to Seller at or before 7:00p.m., Central Standard Time, on March 31, 1999, specifying in detail the reasons for such termination (under clause (i) above) (the "Due Diligence Termination Notice)."

2. The Agreement, as amended by this Amendment, is and shall continue to be in full force and effect and is hereby in all respects ratified and confirmed. Nothing in this Amendment shall waive or be deemed to waive or modify (except as expressly set forth herein) any rights or obligations of any of the parties under the Agreement.

3. This Amendment shall be governed by, and construed in accordance with, the laws of the State of New York without reference to the choice of law principles thereof.

4. This Amendment may be executed in one or more counterparts each of which shall be deemed to be an original by the parties executing such counterpart, but all of which shall be considered one and the same instrument.

<PAGE>

IN WITNESS WHEREOF, this Agreement has been signed on behalf of each of the parties hereto as of the date first written above.

GLOBAL INDUSTRIAL
TECHONOLGIES, INC.

By: _____
Graham L Adelman
President

A.P. GREEN INDUSTRIES, INC.

By: _____

Jeanette H. Quay
Vice President

CHEMICAL LIME COMPANY

By: _____

David M. Reilly
President and CEO

</TEXT>
</DOCUMENT>
<DOCUMENT>
<TYPE>EX-3.2
<SEQUENCE>3
<DESCRIPTION>AMENDED AND RESTATED BY-LAWS
<TEXT>

<PAGE>

EXHIBIT 3.2

AMENDED AND RESTATED BY-LAWS

OF

GLOBAL INDUSTRIAL TECHNOLOGIES, INC.

ARTICLE I

Section 1. Registered Office in Delaware.

The registered office shall be in the City of Dover, County of Kent, and the name of the resident agent in charge thereof is The Prentice-Hall Corporation System, Inc., 32 Loockerman Square, Suite L-100, Dover, Delaware 19901.

Section 2. Other Offices.

The Company may also have offices at such other places, either within or without the State of Delaware, as the Board of Directors may from time to time appoint or as the business of the Company may require.

ARTICLE II

Section 1. Annual Meeting of Shareholders.

The Annual Meeting of Shareholders of the Company shall be held at the principal office of the Company, Dallas, Texas, or at such other place within or without the State of Texas at such time and on such date in the months of March, April or May of each year as the Directors may determine. In the absence of a determination by the Directors, the Annual Meeting of Shareholders shall be held at the principal office of the Company, Dallas, Texas at 10:00 a.m. on the third Wednesday in March of each year, if not a legal holiday or, if a legal holiday, then on the next succeeding business day. The Directors shall be elected at the Annual Meeting and such other business transacted as may properly be brought before the meeting.

Section 2. Special Meetings of Shareholders.

Special meetings of the shareholders for any purpose or purposes may be called at any time by the Chairman of the Board, the Vice Chairman or the

President or a majority of the Board of Directors, and each such special meeting, unless another place is designated by a resolution of the Board of Directors, shall be held at the office of the Company in Dallas, Texas. At any time, upon written request of any person entitled to call a special meeting, it shall be the duty of the Secretary to call such special meeting of the shareholders to be held at such time as the Secretary may fix. The call of said special meeting shall state the time and place of said meeting if said meeting is to be held at some place other than the office of the Company, and the purpose or purposes of the proposed meeting.

1

<PAGE>

Section 3. Notice of Meetings of Shareholders; Advance Notice by Shareholders of Director Nominations.

(a) Notice of Meetings of Shareholders. Written or printed notice of the time, place and purpose or purposes of the Annual Meetings and of each special meeting of the shareholders shall be given by or at the direction of the person authorized to call the meeting to each shareholder of record entitled to vote at the meeting, at his last known address as the same appears upon the books of the Company, not less than 10 nor more than 60 days prior to the date of the meeting. It shall also be the duty of the Secretary to provide for any further or additional notice that may be required by law. When a meeting is adjourned, it shall not be necessary to give any notice of the adjourned meeting or of the business to be transacted at an adjourned meeting other than by announcement at the meeting at which such adjournment is taken.

(b) Advance Notice by Shareholders of Director Nominations. In addition to any other requirements under applicable law and the Certificate of Incorporation and By-laws of the Company, the nomination of persons by shareholders for election as directors of the Company shall be properly brought before the annual meeting by a shareholder only if notice of such nomination to be presented at such meeting of shareholders (the "Shareholder Nomination Notice") shall be delivered to or mailed and received by the Secretary of the Company at the principal executive offices of the Company not less than 50 days prior to the meeting; provided, however, that in the event that less than 50 days' notice or prior public disclosure of the date of the meeting is given or made to shareholders, the Shareholder Nomination Notice to be timely must be so received not later than the close of business on the 10th day following the day on which such notice of the date of the annual meeting was mailed or such public disclosure was made. In addition to any other requirements under applicable law and the Certificate of Incorporation and By-laws of the Company, any shareholder desiring to nominate any person or persons (as the case may be) for election as a director or directors of the Company shall deliver, as part of such Shareholder Nomination Notice, (i) a statement in writing setting forth the name of the person or persons to be nominated, (ii) the number and class of all shares of each class of stock of the Company owned of record and beneficially by each such person, as reported to such shareholder by such nominee(s), (iii) the information regarding each such person required by paragraphs (a), (e) and (f) of Item 401 of Regulation S-K adopted by the Securities and Exchange Commission (or the corresponding provisions of any regulation subsequently adopted by the Securities and Exchange Commission applicable to the Company) and (iv) each such person's signed consent to serve as a director of the Company if elected.

Section 4. Quorum.

At any meeting of the shareholders, the presence in person or by proxy of the holders of a majority of the outstanding shares entitled to vote at such meeting shall constitute a quorum for all purposes, unless otherwise provided by these By-Laws, the Certificate of Incorporation or by law. The shareholders present at a duly organized meeting can continue to do business until adjournment notwithstanding the withdrawal of enough shareholders to leave less

than a quorum. If a meeting cannot be organized because a quorum has not attended, those present may, except as otherwise provided by law, adjourn the meeting to such time and place, without further notice, as they may determine, but in the case of any meeting called for the election of Directors, those who attend the second of such adjourned meetings, although less than a quorum as fixed in this section of the

2

<PAGE>

By-Laws or in the Certificate of Incorporation, shall nevertheless constitute a quorum for the purpose of electing Directors.

Section 5. Organization.

Meetings of the shareholders shall be called to order by the Chairman of the Board or in his absence by the Vice Chairman or in the absence of both by the President of the Company. Such person shall act as Chairman of the meeting or, in the absence of the Chairman of the Board, the Vice Chairman and the President or with the consent of each of them if present in person, the meeting may elect any shareholder present or the duly authorized proxy of any shareholder to act as Chairman of the meeting.

The Secretary of the Company or, in his absence, any Assistant Secretary in attendance, shall act as Secretary of all meetings of shareholders, but if neither the Secretary nor any Assistant Secretary be present thereat the presiding officer may appoint any person to act as Secretary of the meeting and to keep the record of the proceedings.

Section 6. Inspectors of Election.

Three Inspectors of Election may be appointed by the Board of Directors before or at each meeting of the shareholders of the Company at which an election of Directors shall take place. If no such appointment shall have been made, or if the Inspectors appointed by the Board of Directors shall refuse to act or fail to attend, then the appointment shall be made by the presiding officer at the meeting. The Inspectors shall receive and take in charge all proxies and ballots, and shall decide all questions concerning the qualification of voters, the validity of proxies, the acceptance and rejection of votes, and shall count the votes cast and shall make a report of the results thereof to the meeting and make such reports to the presiding officer with respect to the foregoing as he may request.

Section 7. Conduct of Meetings.

The Board of Directors of the Company may adopt by resolution such rules, regulations and procedures for the conduct of meetings of shareholders as it shall deem appropriate. Except to the extent inconsistent with applicable laws and such rules and regulations as adopted by the Board of Directors, the presiding officer of any meeting of shareholders shall have the right and authority to prescribe such rules, regulations and procedures and to do all such acts, including causing an adjournment of such meeting, as, in the judgment of such presiding officer, are appropriate. Such rules, regulations or procedures, whether adopted by the Board of Directors or prescribed by the presiding officer of the meeting, may include, without limitation, the following: (a) the establishment of an agenda or order of business for the meeting; (b) rules and procedures for maintaining order at the meeting and the safety of those present; (c) limitations on attendance at or participation in the meeting to shareholders of record of the Company, their duly authorized and constituted proxies or such other persons as the presiding officer shall permit; (d) restrictions on entry to the meeting after the time fixed for the commencement thereof; and (e) limitations on the time allotted to questions or comments by participants. The presiding officer at any meeting of shareholders, in addition to making any

other

3

<PAGE>

determinations that may be appropriate to the conduct of the meeting, shall, if the facts warrant, determine and declare to the meeting that a matter or business was not properly brought before the meeting and if such presiding officer should so determine, such person shall so declare to the meeting any such matter or business not properly brought before the meeting shall not be transacted or considered. Unless, and to the extent determined by the Board of Directors or the presiding officer of the meeting, meetings of shareholders shall not be required to be held in accordance with rules of parliamentary procedure.

Section 8. Voting.

Except as otherwise provided in the Certificate of Incorporation, every shareholder of record shall have the right at every shareholders' meeting to one (1) vote for every share standing in his name on the books of the Company. Every shareholder may vote either in person or by proxy. Every proxy shall be executed in writing by the shareholder or by his duly authorized attorney-in-fact and filed with the Secretary of the Company. The proxy, unless coupled with an interest, shall be revocable at will, notwithstanding any other agreement or any provision in the proxy to the contrary, but the revocation of the proxy shall not be effective until written notice thereof has been given to the Secretary of the Company. No unrevoked proxy may be voted on after three (3) years from the date of its execution unless the proxy provides for a longer period. A proxy shall not be revoked by the death or incapacity of the maker unless before the vote is counted or the authority is exercised, written notice of such death or incapacity is given to the Secretary of the Company. A shareholder shall not sell his vote or execute a proxy to any person for any sum of money or anything of value.

The stock transfer books of the Company shall be the evidence of the ownership of the shares of stock for the purpose of voting. All elections shall be held and all questions shall be decided by a plurality vote, except as otherwise required by these By-Laws, the Certificate of Incorporation or by law.

Section 9. Voting Lists.

The agent having charge of the transfer books for the shares of this Company shall make, at least ten (10) days before each election of Directors, a complete list of the shareholders entitled to vote at said election, arranged in alphabetical order, with the address of, and the number of shares held by each, which list shall be open at the place where said election is to be held for ten (10) days and shall be subject to inspection by any shareholder of the Company during usual business hours. Such list shall also be produced and kept open at the time and place of the meeting and shall be subject to the inspection of any shareholder during the whole time of the Meeting. The original share ledger or transfer book or duplicates thereof shall be the only evidence as to who are shareholders entitled to examine such list or share ledger or transfer book or to vote in person or by proxy at any meeting of the shareholders.

4

<PAGE>

ARTICLE III

Directors

Section 1. Duties.

The business and affairs of the Company shall be managed by or under the direction of a Board of Directors. Said Directors need not be shareholders.

Section 2. Election of Directors.

The Directors shall be elected in accordance with applicable provisions of the Certificate of Incorporation and shall hold their offices until their successors are elected and qualified in their stead.

Section 3. Place of Meetings.

The meetings of the Board of Directors shall be at such place, within or without the State of Delaware, as the majority of the Directors may from time to time appoint or as may be designated in the notice calling the meeting.

Section 4. Organization Meeting of the Board.

After each annual election of Directors, the newly elected Directors shall meet for the purpose of organization, the election and appointment of officers, and the transaction of such other business at such time and place as shall be fixed by the written consent of a majority of the Directors or as shall be specified in the notice given hereinafter provided for special meetings of the Board of Directors.

Section 5. Regular Meetings.

Regular meetings of the Board of Directors shall be held at such times and places as the Board of Directors shall from time to time designate, and the Board in fixing the time and place of such meetings may provide that no notice thereof shall be necessary.

Section 6. Special Meetings.

Special meetings of the Board of Directors shall be held whenever called by the Chairman of the Board or the Vice Chairman or the President or by a majority of the Directors or a majority of the Executive Committee for the time being in office. Special meetings of the Board of Directors shall be held at such times and places as shall be set forth in the call of the meeting.

5

<PAGE>

Section 7. Notice of Directors' Meetings.

The Secretary of the Company shall give notice to each Director of each regular or special meeting by mailing the same at least two (2) days before the meeting to his last known address, or by telegraphing or telephoning the same not less than one (1) day before the meeting, which notice shall state the time and place and general purpose or purposes of the meeting. No notice of any meeting shall be necessary if every Director shall be either present or shall have consented thereto by letter, cablegram, radiogram or telegram.

If at any meeting there is less than a quorum, a majority of those present at such meeting may adjourn the same.

When a meeting is adjourned, it shall not be necessary to give any notice of the adjourned meeting or of the business to be transacted at an adjourned meeting other than by an announcement at the meeting at which such adjournment is taken.

Section 8. Quorum.

Except as otherwise provided in the Certificate of Incorporation, One-Third

(1/3) of the Directors in office shall constitute a quorum for the transaction of business, and the acts of a majority of the Directors present at a meeting at which a quorum is present shall be the acts of the Board of Directors.

Section 9. Order of Business.

The order of business at all meetings of the Board of Directors, unless otherwise determined by the affirmative vote of a majority of the members present at any meeting, shall be determined by the presiding officer.

Section 10. Compensation of the Directors.

The Directors may receive a stated compensation for their services as Directors, and by resolution of the Board a fixed fee and the expenses incident to attendance at each meeting of the Board or any Committee thereof may be determined. Nothing herein contained shall be construed to preclude any Director from serving the Company in any other capacity as an officer, agent or otherwise and receiving compensation therefor.

Section 11. Action Without a Meeting.

Unless otherwise restricted by the Certificate of Incorporation or these By-Laws, any action required or permitted to be taken at any meeting of the Board of Directors or of any Committee thereof may be taken without a meeting, if prior to such action a written consent thereto is signed by all members of the Board or of such Committee, as the case may be, and such written consent is filed with the minutes of proceedings of the Board or Committee.

6

<PAGE>

ARTICLE IV

Executive Committee

Section 1. Number.

The Company may have an Executive Committee appointed by the Board of Directors which shall consist of at least three (3) members and shall be made up of members of the Board of Directors. The Board of Directors may designate one of the members thereof as Chairman of the Executive Committee.

Section 2. Vacancies.

Vacancies occurring in the Executive Committee for any cause may be filled at any meeting of the Board of Directors.

Section 3. Executive Committee to Report to Board.

All actions by the Executive Committee shall be reported to the Board at its meeting next succeeding such action and shall be subject to revision or alteration by the Board; provided, however, that rights of third parties shall not be affected by any revision or alteration.

Section 4. Procedure.

The Executive Committee shall fix its own rules of procedure and shall meet where and as provided by such rules or by resolution of the Board. The presence of a majority of the members of the Executive Committee shall be necessary to constitute a quorum for the transaction of business and in every case an affirmative vote by a majority of all of the members of the Committee present shall be necessary.

Section 5. Powers.

During the intervals between the meetings of the Board of Directors, the Executive Committee shall possess and may exercise the power and authority to declare dividends and all other powers of the Board in the management and direction of the business and the conduct of the affairs of the Company in such manner as the Executive Committee shall deem for the best interests of the Company in all cases where specific direction shall not have been given by the Board, and shall have power to authorize the seal of the Company to be affixed to all instruments and documents which may require it.

7

<PAGE>

ARTICLE V

Other Committees

From time to time the Board of Directors may appoint any other committee or committees for any lawful purposes whatsoever, which shall have such powers as shall be specified in the resolution of appointment.

ARTICLE VI

Officers

Section 1. Executive and Other Officers.

The officers of the Company shall include a Chairman of the Board, a President, a Treasurer and a Secretary, all of whom shall be elected by the Board of Directors. The Board may also elect a Vice Chairman. Other than the Chairman of the Board and the Vice Chairman, it shall not be necessary for officers of the Company to be Directors. The Board of Directors shall have authority from time to time to elect or appoint one or more Vice Presidents, any one or more of whom may be designated Executive Vice Presidents or Senior Vice Presidents, a General Counsel, one or more Assistant Secretaries and one or more Assistant Treasurers. Any person may fill one or more offices, except that no person may be both the President and Secretary of the Company. The Board of Directors may appoint such other agents of the Company as it may deem necessary for the transaction of the business of the Company and prescribe their several duties, or may by resolution authorize the Chairman of the Board or the President or any Vice President to appoint agents of the Company and to prescribe the duties of agents so appointed by them. All agents appointed pursuant to such authorization may be removed by any of the persons so designated. All officers and agents elected or appointed by the Board of Directors shall be subject to removal by the Board at any time, with or without cause. The Board of Directors shall fix the compensation to be paid to the officers and agents of the Company elected or appointed by the Board and take from them such bonds with security for the discharge of their duties and responsibilities as the Directors may see fit. All vacancies among the officers from any cause whatsoever shall be filled by the Board of Directors.

Section 2. Election of Officers.

A Chairman of the Board of Directors, a President, a Secretary and a Treasurer shall be elected by the Directors of the Company at their first meeting after the annual meeting of the shareholders.

Section 3. The Chairman of the Board.

The Chairman of the Board shall be the Chief Executive Officer of the Company. He shall preside at all meetings of the shareholders and of the Board of Directors. He shall also preside at all meetings of the Executive Committee

if the position of Chairman of the Committee shall be

8

<PAGE>

vacant or at any such meetings from which the Chairman of the Executive Committee is absent. Subject to the direction of the Board of Directors and the Executive Committee, the Chairman of the Board shall have general charge of the business and affairs of the Company. He shall also do and perform such other duties as from time to time may be assigned to him by the Board of Directors or by the Executive Committee.

Section 4. The Vice Chairman of the Board.

The Vice Chairman of the Board, if there be one, shall preside at meetings of shareholders and of the Board of Directors from which the Chairman of the Board is absent. He shall also do and perform such other duties as from time to time may be assigned to him by the Board of Directors, by the Executive Committee or by the Chairman of the Board.

Section 5. The President.

Subject to the direction of the Board of Directors, the Executive Committee and the Chairman of the Board, the President shall have general charge of those operations of the Company as assigned by the Chairman of the Board. He shall also do and perform such other duties as from time to time may be assigned to him by the Board of Directors, the Executive Committee or the Chairman of the Board.

Section 6. Vice President.

The Vice President or Vice Presidents, in the event there is more than one, shall do and perform such duties as from time to time may be assigned to him or them by the Board of Directors, the Executive Committee, the Chairman of the Board or the Vice Chairman or the President.

Section 7. Secretary.

The Secretary shall keep minutes of all proceedings of the Board and of the Executive Committee and the minutes of all meetings of shareholders in books provided for that purpose. He shall attend to the giving and serving of all notices for the Company; he shall have charge of such books and papers as the Board may direct; he shall have custody of the seal of the Company and shall affix the same to any instrument or document which requires the seal of the Company, and he shall in general perform all duties incident to the office of Secretary, subject to the control of the Board. He shall also perform such other duties as may be assigned to him by the Board.

Section 8. Treasurer.

Subject to the direction of the Chairman of the Board, President or Senior Vice President, the Treasurer shall have custody and control of all of the funds and securities of the Company, shall be responsible for all moneys and other property of the Company in his custody and shall perform all duties incident to the office of Treasurer. He shall do and perform such other duties as may

9

<PAGE>

from time to time be assigned to him by the Chairman of the Board, President or Senior Vice President. If required by the Board, he shall give a bond for the faithful discharge of his duties in such sum as the Board may require.

Section 9. General Counsel.

The General Counsel shall do and perform such duties as from time to time may be assigned to him by the Board of Directors, the Executive Committee, the Chairman of the Board, the Vice Chairman or the President.

ARTICLE VII

Capital Stock

Section 1. Share Certificates.

Every holder of stock of this Company shall be entitled to have a certificate signed by or in the name of the Company by the Chairman or Vice Chairman of the Board of Directors or the President or a Vice President and by the Treasurer or an Assistant Treasurer or the Secretary or an Assistant Secretary of the Company and sealed with the corporate seal, which seal may be facsimile engraved or printed, certifying the number of shares owned by such holder in the Company. Any of or all the signatures on the certificate may be facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Company with the same effect as if he or she were such officer, transfer agent, or registrar at the date of issue.

The certificates of stock of the Company shall be in such form as shall be approved by the Board. Such certificates shall be successive in number and the names and addresses of all persons owning shares of capital stock of the Company with the number of shares owned by each and the date or dates of issue of the shares of stock held by each, shall be entered on the books kept for that purpose by the proper agents of the Company.

The Company shall be entitled to treat the holder of record of any share or shares of stock as the holder in fact thereof, and accordingly shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it has actual or other notice thereof.

Section 2. Old Certificates to be Cancelled.

Except in case of lost, stolen or destroyed certificates, and in that case only after conforming to the requirements hereinafter provided, no new certificates shall be issued until the former certificate for the shares represented thereby shall have been surrendered and canceled.

10

<PAGE>

Any person claiming a certificate of stock to be lost, stolen or destroyed shall make an affidavit of that fact and shall furnish to the Company and/or its Transfer Agent or Agents, Registrar or Registrars, a Bond of Indemnity with one (1) or more sureties in an amount satisfactory to the Board of Directors. The affidavit and Bond of Indemnity shall be in such form and said Bond shall have such surety or sureties as the Board of Directors may require; provided, however, that the Board of Directors may authorize officers or agents of the Company to approve the form of the affidavit and Bond of Indemnity and the sufficiency of the surety or sureties thereon. Upon the furnishing and approval of said affidavit and Bond of Indemnity, a new certificate may be issued of the same tenor and for the same number of shares as the one alleged to be lost, stolen or destroyed. In the event such lost, stolen or destroyed certificate

shall represent five (5) or less shares of the Common Stock of the Company, the Board of Directors may, in its discretion, accept a personal indemnity bond in a form satisfactory to the Board of Directors, in lieu of the Bond of Indemnity hereinabove referred to. If required by the Board, a final order or decree of a court of competent jurisdiction of the right of any such person to receive a new certificate shall be procured.

Section 3. Transfer of Shares of Stock.

Shares of stock shall be transferred only on the books of the Company by the holder thereof or by his attorney thereunto duly authorized upon the surrender and cancellation of certificates for a like number of shares, subject, however, to all payments due or to become due thereon.

Section 4. Regulations.

The Board of Directors may make such regulations as it may deem expedient concerning the issue, transfer and registration of stock.

Section 5. Transfer Agent and Registrar.

The Board of Directors may appoint a Transfer Agent or Transfer Agents to make, and a Registrar or Registrars to record transfers of shares.

Section 6. Fixing Closing Dates.

The Board of Directors may fix in advance a date not exceeding sixty (60) days preceding the date of any meeting of shareholders, or the date fixed for the payment of any dividend or distribution, or the date for the allotment of rights, or the date when any change or conversion or exchange of shares will be made or go into effect, as a record date for the determination of the shareholders entitled to notice of, and to vote at, any such meeting, or any adjournment thereof, or entitled to receive payment of any such dividend or distribution, or to receive any such allotment of rights, or to exercise the rights in respect to any such change, conversion, or exchange of shares, or in connection with the obtaining of the count of the shareholders for any purpose. In such case, only such shareholders as shall be shareholders of record on the date so fixed shall be entitled to notice of, and to vote at, such meeting, or any adjournment thereof, or to receive payment of such dividend, or to receive such allotment of rights, or to exercise such rights or give such consents, as the case may be, notwithstanding any transfer of any shares on the books of the Company after

11

<PAGE>

any record date fixed, as aforesaid. The Board of Directors may close the books of the Company against transfer of shares during the whole or any part of such period, and, in such case, written or printed notice thereof shall be mailed at least ten (10) days before the closing thereof to each shareholder of record at the address appearing on the records of the Company or supplied by him to the Company for the purpose of notice. While the stock transfer books of the Company are closed, no transfer of shares shall be made thereon. In the event that the Board of Directors shall not in advance of a meeting of shareholders have closed the transfer books, or have fixed a record date for the determination of the shareholders entitled to notice of or to vote at any meeting of the shareholders, no shares of stock, which have been transferred on the books of the Company within twenty (20) days next preceding such meeting, shall be entitled to notice or shall be voted at any such meeting.

ARTICLE VIII

Board to Declare Dividends

Subject to the provisions of the Certificate of Incorporation and of the laws of the State of Delaware, the Board of Directors, in its discretion, from time to time may declare stock dividends and cash dividends out of any fund legally available therefor as shall appear advisable to the Directors. Such dividends shall be paid at such time after the declaration as the Directors may fix.

ARTICLE IX

Execution and Signing of Documents

Except as otherwise provided by the Board of Directors, deeds, contracts, leases, agreements and other documents shall be signed by the Chairman of the Board, or the Vice Chairman, or the President, or any Vice President and, when a seal is required, sealed with the Company's seal and attested by the Secretary, or any Assistant Secretary, or the Treasurer, or any Assistant Treasurer.

Except as otherwise provided by the Board of Directors, promissory notes, debentures and bonds shall be signed by the Chairman of the Board, or the Vice Chairman, or the President, or any Vice President, together with the Treasurer, or any Assistant Treasurer, or Secretary, or any Assistant Secretary. Checks on the Company's bank accounts may be signed by such officer or officers or other agents as the Board of Directors may from time to time authorize or designate, or the Board of Directors may by resolution authorize officers of the Company to designate the agents who may sign checks on the Company's bank accounts. In any case where the signatures of two officers are required on any document or other instrument executed on behalf of the Company, such signatures must be those of two different persons.

12

<PAGE>

ARTICLE X

Miscellaneous

Section 1. Seal.

The corporate seal of this Company shall be circular in form and shall bear the name of the corporation and the words "Corporate Seal, Delaware".

Section 2. Inspection of Books.

The Board of Directors shall determine from time to time whether the accounts and books of the Company, or any of them shall be open to the inspection of shareholders, and if permitted, when and under what conditions and regulations the accounts and books of the Company or any of them shall be open to the inspection of shareholders, and the shareholders' rights in this respect shall be restricted and limited accordingly.

Section 3. Notices.

Whenever the provisions of the law, the Certificate of Incorporation or these By-Laws require notice to be given to any Director, officer or shareholder, such provision shall not be construed as requiring personal notice, and such notice may be given in writing by depositing the same in a post office or letter box in a post-paid, sealed wrapper addressed to such Director, officer or shareholder at his or her address as the same appears in the books of the Company, and the time when the same shall be mailed shall be deemed to be the time of the giving of such notice.

A waiver of any notice in writing signed by a shareholder, Director or

officer, whether before or after the time stated in said waiver, shall be deemed equivalent to such notice.

ARTICLE XI

Amendment

The Board of Directors is expressly authorized to make, alter or repeal By-Laws of the corporation, provided, however, that alterations, amendments or repeals of the By-Laws may be made by the holders of a majority of the shares outstanding and entitled to vote at any meeting, if the notice of such meeting contains a statement of the proposed alteration, amendment or repeal.

13

</TEXT>
</DOCUMENT>
<DOCUMENT>
<TYPE>EX-10.28
<SEQUENCE>4
<DESCRIPTION>FIRST AMENDMENT TO CREDIT AGREEMENT
<TEXT>

<PAGE>

EXHIBIT 10.28

FIRST AMENDMENT TO CREDIT AGREEMENT

THIS FIRST AMENDMENT TO CREDIT AGREEMENT (this "Amendment"), dated as of March 5, 1999, is among GLOBAL INDUSTRIAL TECHNOLOGIES, INC., a Delaware corporation ("Global"), GPX CORP., a Nevada corporation ("GPX" and together with Global collectively, the "Borrowers" and each a "Borrower"), each of the banks or other lending institutions which is or may from time to time become a signatory to the Agreement (hereinafter defined) or any successor or permitted assignee thereof (each a "Bank" and, collectively, the "Banks"), CHASE BANK OF TEXAS, NATIONAL ASSOCIATION, a national banking association ("Chase"), as administrative agent for itself and the other Banks (in such capacity, together with its successors in such capacity, the "Administrative Agent"), BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION, a national banking association, as documentation agent for itself and the other Banks (in such capacity, together with its successors in such capacity, the "Documentation Agent"), ABN AMRO BANK N.V., as co-agent for the Banks (in such capacity, together with its successors in such capacity, the "Co-Agent"), and THE CHASE MANHATTAN BANK, a New York banking corporation, as auction administration agent for the Banks (in such capacity, together with its successors in such capacity, the "Auction Administration Agent").

RECITALS:

A. The Borrowers, the Banks and the Agents have entered into that certain Credit Agreement dated as of August 31, 1998 (the "Agreement").

B. The Borrowers have requested that the parties amend the Agreement to modify the minimum consolidated net worth covenant, to provide for the reduction of the Total Commitment in the event of the sale of the APG Lime Corp. unit, and as otherwise provided herein.

NOW, THEREFORE, in consideration of the premises herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I

Definitions

I.1 Definitions. Capitalized terms used in this Amendment, to the extent not otherwise defined herein, shall have the same meanings as in the Agreement, as amended hereby.

ARTICLE II

Amendments

<PAGE>

II.1 Amendment to "Interest Period". Effective as of the date hereof, clause (b) of the last sentence of the definition of "Interest Period" appearing in Section 1.1 of the Agreement is hereby amended to read as follows:

(b) any Interest Period which would otherwise extend beyond the earlier of the Termination Date or August 1, 1999 shall end on such earlier date;

II.2 Amendment Regarding Interest Rate. Effective as of the date hereof, the first sentence of Section 2.4 of the Agreement is hereby amended to read as follows:

The unpaid principal amount of the Committed Advances shall bear interest prior to maturity at a varying rate per annum equal from day to day to (a) during the period prior to August 1, 1999, the lesser of (i) the Maximum Rate or (ii) the Applicable Committed Advance Rate, and (b) during the period from and including August 1, 1999 and thereafter, the Default Rate (regardless of whether a Default or Event of Default has occurred or exists).

II.3 Amendment Regarding Eurodollar Advances. Effective as of the date hereof, the first sentence of Section 2.5 is hereby amended to add the following clause to the end thereof, which clause shall read as follows:

;provided, however, that no Eurodollar Advance shall be requested or made on or after August 1, 1999.

II.4 Amendment Regarding Conversions. Effective as of the date hereof, clause (b) of subsection (b) of Section 2.7 of the Agreement is hereby amended to add the following phrase to the end of such clause (b), which phrase shall read as follows:

, and no Conversions to or Continuations of Eurodollar Advances shall be made on or after August 1, 1999,

II.5 Amendment Regarding Fees. Effective as of the date hereof, Section 2.9 of the Agreement is hereby amended to add the following sentence to the end thereof, which sentence shall read in its entirety as follows:

The Borrowers jointly and severally agree to pay to the Administrative Agent for the account of each Bank, on August 1, 1999, an amendment fee in an amount equal to (a) the amount of such Bank's Commitment on such date, multiplied by (b) 0.50%.

II.6 Amendment Regarding Reduction of Total Commitment. Effective as of the date hereof, Subsection (a) of Section 2.10 of the Agreement is hereby amended to read in its entirety as follows:

-2-

<PAGE>

(a) The Borrowers shall have the right to terminate in whole or

reduce in part the unused portion of the Total Commitment upon at least three (3) Business Days prior notice (which notice shall be irrevocable) to the Administrative Agent (who shall promptly forward a copy thereof to each Bank and the Auction Administration Agent) specifying the effective date thereof, whether a termination or reduction is being made, and the amount of any partial reduction, provided that each partial reduction shall be in a minimum amount of \$5,000,000 or such greater amount which is an integral multiple thereof and the Borrowers shall simultaneously prepay the amount by which the aggregate unpaid principal amount of the Committed Advances and the Competitive Advances exceeds the Total Commitment (after giving effect to such notice) plus accrued and unpaid interest on the principal amount so prepaid. In the event of the sale of the APG Lime Corp. unit, the Total Commitment shall be reduced to \$140,000,000. Such reduction of the Total Commitment due to the sale of the APG Lime Corp. unit shall occur automatically on the first Business Day following the date of closing of such sale and without further action or documentation, provided that the Borrowers shall execute and deliver and cause to be executed and delivered such documents, instruments and agreements as the Administrative Agent shall request to further reflect such reduction. Simultaneously with such reduction of the Total Commitment, the Borrowers shall prepay the amount by which the aggregate unpaid principal amount of the Committed Advances and the Competitive Advances exceeds the Total Commitment (after giving effect to such reduction) plus accrued and unpaid interest on the principal amount so prepaid. The Total Commitment may not be reinstated after it has been terminated or reduced.

II.7 Amendment to Asset Dispositions. Effective as of the date hereof, Section 8.3 of the Agreement is hereby amended to read in its entirety as follows:

Section 8.3. Asset Dispositions. The Borrowers will not and will not permit the Subsidiaries to make any Asset Disposition, unless (a) such Borrower or such Subsidiary receives full, fair and reasonable consideration at the time of such Asset Disposition at least equal to the fair market value of such asset being disposed; and (b) all proceeds of any and all sales of stock or assets of Ameri-Forge Corporation and all proceeds of any other Asset Disposition which equal or exceed \$5,000,000 individually or when aggregated with proceeds of related Asset Dispositions, are applied, on the first Business Day following the date of closing of such Asset Disposition, to reduce the outstanding Obligations, except for any pro rata portion of such proceeds which is required to be applied to reduce other Debt which is pari passu with the Obligations, and such pro rata portion of such proceeds shall be so applied to reduce such other Debt; and (c) with regard to any sale of the APG Lime Corp. unit, the proceeds of such sale shall be applied, on the first Business Day following the date of closing of such sale, to reduce the Total Commitment in accordance with Section 2.10 and to reduce the Obligations in accordance with Section 2.10 and clause (b) of this Section 8.3. As used herein, "Asset Disposition" means any sale, lease, transfer, exchange or other disposition, including any

-3-

<PAGE>

disposition by means of a merger, consolidation or similar transaction (or series of related sales, leases, transfers, exchanges or dispositions) of shares of capital stock of a Subsidiary, of property or assets (including any interests therein) by any Borrower or any Subsidiary.

II.8 Amendment to Minimum Consolidated Net Worth Covenant. Effective as of December 31, 1998, Section 9.1 of the Agreement is hereby amended to read in its entirety as follows:

Section 9.1. Minimum Consolidated Net Worth. The Borrowers will not permit the Consolidated Net Worth to be less than (1) at all times during the period from and including December 31, 1998 to and including July 31, 1999, (a) in the event the Ameri-Forge Write-Down (hereinafter defined) has not been taken on or before the date of determination or is taken after March 31, 1999, \$270,000,000, and (b) in the event the Ameri-Forge Write-Down is taken on or before the date of determination but no later than March 31, 1999, an amount equal to (i) the difference of \$290,000,000 minus the Ameri-Forge Write-Down Amount (hereinafter defined), multiplied by (ii) 93%, and (2) \$325,000,000 at all times on and after August 1, 1999. As used herein, "Ameri-Forge Write-Down" means the write-down of assets of Ameri-Forge Corporation from book value to fair market value. As used herein, "Ameri-Forge Write-Down Amount" means, on any date, the lesser of (a) the actual aggregate amount that equity of Global has been reduced on or before such date by the Ameri-Forge Write-Down or (b) \$70,000,000.

ARTICLE III

Conditions Precedent

III.1 Conditions. The effectiveness of this Amendment is subject to the satisfaction of the following conditions precedent:

(a) Amendment Fee. The Borrowers shall have paid to each Bank that executes and delivers this Amendment, an amendment fee in an amount equal to (i) the amount of such Bank's Commitment as of the date hereof, multiplied by (ii) 0.25%.

(b) Representations and Warranties. The representations and warranties contained herein and in all other Loan Documents, as amended hereby, shall be true and correct as of the date hereof as if made on the date hereof.

(c) No Default. No Default or Event of Default shall have occurred and be continuing.

(d) Corporate Matters. All corporate proceedings taken in connection with the transactions contemplated by this Amendment and all documents, instruments, and other legal

-4-

<PAGE>

matters incident thereto shall be satisfactory to the Administrative Agent and its legal counsel, Winstead Sechrest & Minick P.C.

ARTICLE IV

Ratifications, Representations and Warranties

IV.1 Ratifications. The terms and provisions set forth in this Amendment shall modify and supersede all inconsistent terms and provisions set forth in the Agreement and except as expressly modified and superseded by this Amendment, the terms and provisions of the Agreement and the other Loan Documents are ratified and confirmed and shall continue in full force and effect. Each Borrower agrees that the Agreement, as amended hereby, and the other Loan Documents shall continue to be legal, valid, binding and enforceable in accordance with their respective terms.

IV.2 No Implied Waivers. None of the amendments or modifications provided for herein shall be deemed a consent to or waiver of any breach of the same or any other covenant, condition or duty. The Borrowers and the Guarantors acknowledge and understand that the Agents and the Banks have no obligation to

further amend or modify the Agreement, any of the other Loan Documents or any of the terms, provisions or covenants thereof, and that the Agents and the Banks have made no representations regarding any such amendments or modifications. No failure or delay on the part of any Agent or any Bank in exercising, and no course of dealing with respect to, any right, power or privilege under this Amendment, the Agreement or any other Loan Document shall operate as a waiver thereof or of the exercise of any other right, power or privilege.

IV.3 Representations and Warranties. Each Borrower hereby represents and warrants to the Agent and the Banks that (1) the execution, delivery, and performance by the Borrowers and the Guarantors of this Amendment and compliance with the terms and provisions hereof have been duly authorized by all requisite action on the part of each such Person and do not and will not (a) violate or conflict with, or result in a breach of, or require any consent under (i) the articles of incorporation, certificate of incorporation, bylaws, partnership agreement or other organizational documents of any such Person, (ii) any applicable law, rule, or regulation or any order, writ, injunction, or decree of any Governmental Authority or arbitrator, or (iii) any material agreement or instrument to which any such Person is a party or by which any of them or any of their property is bound or subject, (2) the representations and warranties contained in the Agreement, as amended hereby, and any other Loan Document are true and correct on and as of the date hereof as though made on and as of the date hereof, and (3) no Default or Event of Default has occurred and is continuing.

ARTICLE V

Miscellaneous

V.1 Survival of Representations and Warranties. All representations and warranties made in this Amendment or any other Loan Document shall survive the execution and delivery of this

-5-

<PAGE>

Amendment, and no investigation by any Agent or any Bank nor any closing shall affect the representations and warranties or the right of any Agent or any Bank to rely upon them.

V.2 Reference to Agreement. Each of the Loan Documents, including the Agreement and any and all other agreements, documents, or instruments now or hereafter executed and delivered pursuant to the terms hereof or pursuant to the terms of the Agreement as amended hereby, are hereby amended so that any reference in such Loan Documents to the Agreement shall mean a reference to the Agreement as amended hereby.

V.3 Expenses of the Agent. Borrowers jointly and severally agree to pay on demand all reasonable costs and expenses incurred by the Administrative Agent in connection with the preparation, negotiation, and execution of this Amendment and any and all amendments, modifications, and supplements thereto, including without limitation the costs and fees of the Administrative Agent's legal counsel, and all costs and expenses incurred by the Administrative Agent in connection with the enforcement or preservation of any rights under the Agreement, as amended hereby, or any other Loan Document, including without limitation the costs and fees of the Administrative Agent's legal counsel.

V.4 Severability. Any provision of this Amendment held by a court of competent jurisdiction to be invalid or unenforceable shall not impair or invalidate the remainder of this Amendment and the effect thereof shall be confined to the provision so held to be invalid or unenforceable.

V.5 APPLICABLE LAW. THIS AMENDMENT AND ALL OTHER LOAN DOCUMENTS SHALL BE

GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS.

V.6 Successors and Assigns. This Amendment is binding upon and shall inure to the benefit of the Borrowers, the Banks, and the Agents and their respective successors and assigns, except that neither of the Borrowers shall be permitted to assign or transfer any of its rights or obligations hereunder without the prior written consent of the Administrative Agent and all of the Banks.

V.7 Counterparts. This Amendment may be executed in one or more counterparts, each of which when so executed shall be deemed to be an original, but all of which when taken together shall constitute one and the same instrument.

V.8 Headings. The headings, captions, and arrangements used in this Amendment are for convenience only and shall not affect the interpretation of this Amendment.

V.9 Construction. Each Borrower, each Guarantor, each Agent and each Bank acknowledge that each of them has had the benefit of legal counsel of its own choice and has been afforded an opportunity to review this Amendment and the other Loan Documents with its legal

-6-

<PAGE>

counsel and that the Amendment and the Loan Documents shall be construed as if jointly drafted by the parties hereto.

V.10 Release of Claims. The Borrowers and the Guarantors each hereby acknowledge and agree that none of them has any and there are no claims or offsets against or defenses or counterclaims to the terms and provisions of or the obligations of any Borrower, any Guarantor or any Subsidiary created or evidenced by the Agreement or any of the other Loan Documents, and to the extent any such claims, offsets, defenses or counterclaims exist, each Borrower and each Guarantor hereby waives, and hereby releases each of the Agents and each of the Banks from, any and all claims, offsets, defenses and counterclaims, whether known or unknown, such waiver and release being with full knowledge and understanding of the circumstances and effects of such waiver and release and after having consulted legal counsel with respect thereto.

V.11 ENTIRE AGREEMENT. THIS AMENDMENT AND ALL OTHER INSTRUMENTS, DOCUMENTS AND AGREEMENTS EXECUTED AND DELIVERED IN CONNECTION WITH THIS AMENDMENT EMBODY THE FINAL, ENTIRE AGREEMENT AMONG THE PARTIES HERETO REGARDING THIS AMENDMENT AND SUPERSEDE ANY AND ALL PRIOR COMMITMENTS, AGREEMENTS, REPRESENTATIONS AND UNDERSTANDINGS, WHETHER WRITTEN OR ORAL, RELATING TO THIS AMENDMENT, AND MAY NOT BE CONTRADICTED OR VARIED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OR DISCUSSIONS OF THE PARTIES HERETO. THERE ARE NO ORAL AGREEMENTS AMONG THE PARTIES HERETO.

[REMAINDER OF PAGE INTENTIONALLY BLANK]

Executed as of the date first written above.

-7-

<PAGE>

BORROWERS:

GLOBAL INDUSTRIAL TECHNOLOGIES, INC.

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

GPX CORP.

By: _____
Name: _____
Title: _____

AGENTS AND BANKS:

CHASE BANK OF TEXAS, NATIONAL ASSOCIATION, as
Administrative Agent and as a Bank

By: _____
Name: _____
Title: _____

THE CHASE MANHATTAN BANK, as Auction
Administration Agent

-8-

<PAGE>

By: _____
Name: _____
Title: _____

BANK OF AMERICA NATIONAL TRUST AND SAVINGS

ASSOCIATION, as Documentation Agent
and as a Bank

By: _____

Name: _____

Title: _____

ABN AMRO BANK N.V., as Co-Agent and as a Bank

By: _____

Name: _____

Title: _____

By: _____

Name: _____

Title: _____

PNC BANK, NATIONAL ASSOCIATION

9

<PAGE>

By: _____

Name: _____

Title: _____

NATIONAL CITY BANK

By: _____

Name: _____

Title: _____

THE NORTHERN TRUST CO.

By: _____
Name: _____
Title: _____

Each of the undersigned Guarantors hereby (a) consents and agrees to this Amendment, and (b) agrees that its Guaranty Agreement shall continue to be the legal, valid and binding obligation of such Guarantor enforceable against such Guarantor in accordance with its terms.

HARBISON-WALKER REFRACTORIES
COMPANY

By: _____
Name: _____
Title: _____

HARBISON-WALKER INTERNATIONAL
REFRACTORIES, INC.

By: _____
Name: _____
Title: _____

AMERI-FORGE CORPORATION

<PAGE>

10

By: _____
Name: _____
Title: _____

A.P. GREEN REFRACTORIES, INC.

By: _____
Name: _____
Title: _____

11

</TEXT>
</DOCUMENT>
<DOCUMENT>
<TYPE>EX-10.29
<SEQUENCE>5
<DESCRIPTION>NOTE AGREEMENT DATED AS OCTOBER 2, 1998
<TEXT>

<PAGE>

EXHIBIT 10.29

GLOBAL INDUSTRIAL TECHNOLOGIES, INC.

GPX CORP.

AMENDMENT NO. 1

dated as of March 29, 1999

to

Note Agreement dated as of October 2, 1998
\$25,000,000 7.05% Senior Notes, Due October 2, 2010

<PAGE>

AMENDMENT NO. 1 TO NOTE AGREEMENT

THIS AMENDMENT NO. 1 TO NOTE AGREEMENT dated as of March 29, 1999, (this "Amendment"), is entered into by and between GLOBAL INDUSTRIAL TECHNOLOGIES, INC., a Delaware corporation (the "Company"), and GPX CORP., a Nevada corporation ("GPX," and together with the Company, the "Co-Makers"), THE PRUDENTIAL INSURANCE COMPANY OF AMERICA ("Prudential") (the "Purchaser").

Recitals

A. The Co-Makers and the Purchaser entered into a Note Agreement dated as of October 2, 1998 (as amended, supplemented or otherwise modified from time to time, the "Note Agreement"), pursuant to which the Co-Makers issued and sold to the Purchasers and the Purchasers purchased, on the terms and conditions therein set forth, the Co-Makers' 7.05% Senior Notes, Due October 2, 2010, in the aggregate principal amount of \$25,000,000 (the "Notes"). The Purchasers remain, collectively, the holders of 100% of the outstanding principal amount of the

Notes.

Capitalized terms used and not otherwise defined herein shall have the respective meanings ascribed to them in the Note Agreement.

B. The Co-Makers and Chase Bank of Texas, N.A., Bank of America National Trust and Savings Association, ABN Amro Bank N.V., The Chase Manhattan Bank and the other financial institutions party thereto (collectively, the "Banks") have entered into a Credit Agreement dated as of August 31, 1998 (as the same may be amended, modified, or supplemented from time to time, the "Credit Agreement"), pursuant to which the Banks have agreed to extend credit to the Co-Makers in the form of revolving credit advances not to exceed an aggregate principal amount of \$215,000,000.

C. The Restricted Subsidiaries (including GPX) that have executed guaranties in connection with the Credit Agreement and the Company (collectively, the "Guarantors") have executed Guaranties in respect of the Co-Makers' obligations under the Notes.

D. The Guarantors, the Banks, and the Purchasers have executed a Sharing Agreement dated as of August 31, 1998 as supplemented by agreement dated as of October 2, 1998.

E. The Co-Makers and the Banks intend to amend certain provisions of the Credit Agreement (herein, the "Credit Agreement Amendment"), and the Co-Makers and the Purchasers desire to amend the Note Agreement in the respects, but only in the respects, hereinafter set forth.

<PAGE>

NOW, THEREFORE, the Co-Makers and the Purchasers, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, do hereby agree as follows:

Section 1. Amendment of the Note Agreement. The Note Agreement is hereby amended as follows:

(a) Paragraph 1 of the Note Agreement is amended to read in its entirety as follows:

1. Authorization of Issue of Notes. The Co-Makers will authorize the issue of their joint and several senior promissory notes in the aggregate principal amount of \$25,000,000 : (i) to be dated the date of issue thereof; (ii) to mature October 2, 2010 (iii) to bear interest on the unpaid balance thereof (A) from the date thereof until the principal thereof shall have become due and payable at the rate of 7.05% per annum, provided, however, that if a Credit Agreement Termination has not occurred on or prior to August 1, 1999, such unpaid balance shall bear interest commencing August 1, 1999, until the principal thereof shall have become due and payable, at the rate of 11.05% per annum and (B) on overdue payments at the rate specified therein, and to be substantially in the form of Exhibit A attached hereto. The term "Notes" as used herein shall include each such senior promissory note delivered pursuant to any provision of this Agreement and each such senior promissory note delivered in substitution or exchange for any other Note pursuant to any such provision.

(b) A new Paragraph 4E is added to the Note Agreement to read in its entirety as follows:

4E. Mandatory Prepayment. The Notes shall be prepaid in the amounts and in the circumstances provided in paragraph 6F.

(c) Paragraph 5A is amended by inserting the paragraph number and punctuation "6C," immediately preceding the reference to "6D" in the fourth

line of the text immediately following paragraph 5A(vi), and by deleting the word "and" found between the references to paragraphs "6F" and "6G" in that line, and by inserting the words "and 6I" following the reference to "6G" in that line.

(d) A new paragraph 5M is added to the Note Agreement to read in its entirety as follows:

5M. Payment of Fee Absent Credit Agreement Termination. Unless on or prior to August 1, 1999, a Credit Agreement Termination has occurred, the Company shall pay on August 1, 1999 to each Purchaser an amount equal to 0.50% of the principal amount then outstanding on the Notes held by such Purchaser.

-2-

<PAGE>

(e) Paragraphs 6A, 6B and 6C of the Note Agreement are amended in their entirety to read as follows:

6A. Minimum Consolidated Net Worth. The Company will not permit Consolidated Net Worth to be less than (1) at all times during the period from and including December 31, 1998 to and including June 30, 2000, (a) in the event the Ameri-Forge Write-Down has not been taken on or before the date of determination or is taken after March 31, 1999, \$270,000,000, and (b) in the event the Ameri-Forge Write-Down is taken on or before the date of determination but no later than March 31, 1999, an amount equal to (i) the difference of \$290,000,000 minus the Ameri-Forge Write-Down Amount, multiplied by (ii) 93%, and (2) \$325,000,000 at all times on and after July 1, 2000.

6B. Limitation on Consolidated Total Debt. The Company will not and will not permit any Restricted Subsidiary to create, incur, assume, or suffer to exist any Debt if Consolidated Total Debt will, (i) at any time during the period commencing December 31, 1998 and ending July 31, 1999, exceed 64% of Total Capitalization; (ii) at any time during the period commencing August 1, 1999 and ending September 30, 1999, exceed 55% of Total Capitalization; (iii) at any time during the period commencing October 1, 1999 and ending December 31, 1999, exceed 50% of Total Capitalization; or (iv) at any time after December 31, 1999, exceed 45% of Total Capitalization.

6C. Funded Debt/EBITDA Ratio. The Company will maintain or cause to be maintained, as of the end of each fiscal quarter of the Company for the most recent four (4) fiscal quarters then ended, a ratio of Consolidated Funded Debt to Consolidated EBITDA of not greater than the ratio set forth below during the applicable time period set forth below:

<TABLE>

<CAPTION>

Time Period -----	Ratio -----
<S>	<C>
Through August 31, 1999	4.25 to 1.00
Commencing September 1, 1999, through February 29, 2000	3.75 to 1.00
Commencing March 1, 2000, through August 31, 2000,	3.50 to 1.00
Commencing September 1, 2000,	3.25 to 1.00

and thereafter

</TABLE>

(f) Paragraph 6F of the Note Agreement is amended by the deletion of the word "either" in subparagraph (i), immediately preceding subparagraph (A); by inserting the phrase "(other than an APG Lime Corp. Disposition or an Ameri-Forge Disposition)" following the phrase "Asset

-3-

<PAGE>

Dispositions" in the first line of subparagraph (A) and in the second line of subparagraph (B); and by addition of new subparagraphs (C) and (D), following subparagraph (B), to read in its entirety as follows:

(C) in the case of an Ameri-Forge Disposition, the proceeds of such disposition shall (after the Company has given to the holders of the Notes at least ten (10) days' prior written notice of prepayment under this subparagraph) be applied, on the first Business Day following the date of closing of such disposition, to prepay in part, ratably: (1) the Obligations (as defined in the Credit Agreement); and (2) principal of the Notes, and the notes (the "Other Notes") issued under the Note Agreement dated as of June 30, 1998 between the Company and The Prudential Insurance Company of America and U.S. Private Placement Fund, as amended, and the Note Agreement dated as of October 2, 1998 between the Company and The Prudential Insurance Company of America, as amended, and interest on the amount so prepaid (without Yield-Maintenance Amount with respect to the principal of the Notes so prepaid); provided, however, that if a holder of a Note so elects in writing, it may waive its right to such prepayment out of such proceeds; and provided, further, that if any holder of a Note is also a holder of Other Notes, it may apply the principal of such prepayment to such Note and/or Other Notes as such holder may determine in its discretion; or

(D) in the case of an APG Lime Corp. Disposition, the proceeds of such disposition shall be applied, on the first Business Day following the date of closing of such disposition, to reduce the Debt outstanding under the Credit Agreement provided that the Total Commitment (as defined in the Credit Agreement) is, upon such application, reduced to not more than \$140,000,000; or

(g) Subparagraphs (c) and (d) of paragraph 6G are amended to read in their entirety as follows:

(c) the Company may merge with any Person if (i) at the time of such merger after giving effect thereto no Default or Event of Default shall exist; (ii) the Company is the surviving entity of such merger; and (iii) the total cash and non-cash consideration paid and Debt assumed or incurred by the Company or any Restricted Subsidiary in connection with such merger and all mergers permitted by subparagraph (d) below shall not exceed in the aggregate the amount specified in the provisos in the first sentence of paragraph 6I; and

(d) any Subsidiary may merge with any other Person if (i) in the case of a merger of a Restricted Subsidiary, (A) the surviving entity: (1) is, or as a result of the merger or consolidation, becomes a Restricted Subsidiary, (2) is organized under the laws of any state of the United States of America, (3) shall expressly assume, by written agreement, all of the obligations of such Restricted Subsidiary under its Guaranty, (4) has a net worth of greater than zero at the time of (and after giving effect to) such merger, and (B) immediately following such merger no Default or

-4-

<PAGE>

Event of Default shall exist; and (ii) in the case of a Subsidiary that is not a Restricted Subsidiary, the surviving entity shall be a Subsidiary, and (iii) in either case, the total cash and non-cash consideration paid and Debt assumed or incurred by the Company or any Restricted Subsidiary in connection with all such mergers and any merger permitted by subparagraph (c) above shall not exceed in the aggregate the amount specified in the provisos in the first sentence of paragraph 6I.

(h) New paragraphs 6I and 6J are added to the Note Agreement to read in their entirety as follows:

6I Acquisitions. Without the prior written consent of the Required Holders (which consent will not be unreasonably withheld), the Company will not, and (except for any such transaction between Restricted Subsidiaries that are Guarantors hereunder) will not permit any of its Restricted Subsidiaries to, purchase or otherwise acquire (whether by merger or otherwise) all or substantially all the assets of, or the equity interests in, any Person, unless, immediately before such purchase or acquisition and after giving effect thereto, no Default or Event of Default shall have occurred and be continuing; provided, however, that, if at any time the ratio of Consolidated Funded Debt to Consolidated EBITDA is greater than 3.75 to 1.00, the total cash and non-cash consideration paid and Debt assumed or incurred in connection with all such acquisitions made during the period from August 31, 1998 through such time of determination shall not exceed \$40,000,000 in the aggregate, provided further that such ratio shall not at any time exceed the applicable ratio specified in paragraph 6C. If the Co-Makers request in writing that the Required Holders consent to any acquisition not otherwise permitted under this paragraph 6I, the Required Holders agree to respond to any such request within 14 days after the time such request is made and reasonable supporting documentation and information has been provided to the holders of the Notes.

6J Most Favored Lender Status. The Company will not and will not permit any Subsidiary to enter into, assume or otherwise be bound or obligated under any agreement creating or evidencing Debt in excess of \$5,000,000 containing one or more Additional Covenants or Additional Defaults, unless prior written consent to such agreement shall have been obtained pursuant to paragraph 11C; provided, however, in the event the Company or any Subsidiary shall enter into, assume or otherwise become bound by or obligated under any such agreement without the prior written consent of the Required Holders, the terms of this Agreement shall, without any further action on the part of the Company or any of the holders of the Notes, be deemed to be amended automatically to include each Additional Covenant and each Additional Default contained in such agreement. The Company further covenants to promptly execute and deliver at its expense (including, without limitation, the fees and expenses of counsel for the holders of the Notes) an amendment to this Agreement in form and substance satisfactory to the Required Holder(s) evidencing

-5-

<PAGE>

the amendment of this Agreement to include such Additional Covenants and Additional Defaults, provided that the execution and delivery of such amendment shall not be a precondition to the effectiveness of such amendment as provided for in this paragraph 6J, but shall merely

be for the convenience of the parties hereto.

(i) Subparagraph (v) of paragraph 7A is amended by inserting the phrase "or paragraph 5M" immediately following the reference to "paragraph 6".

(j) Paragraph 10B of the Note Agreement is amended by inserting the following new defined terms in the appropriate alphabetical order within such paragraph:

"Acquired Assets" means any assets (including the capital stock of any Person) acquired by the Company or any of its Restricted Subsidiaries pursuant to transactions permitted by paragraph 6I.

"Additional Covenant" shall mean any affirmative or negative covenant or similar restriction applicable to the Company or any Subsidiary (regardless of whether such provision is labeled or otherwise characterized as a covenant) the subject matter of which either (i) is similar to that of the covenants in paragraphs 5 and 6 of this Agreement, or related definitions in paragraph 10 of this Agreement, but contains one or more percentages, amounts or formulas that is more restrictive than those set forth herein or more beneficial to the holder or holders of the Debt created or evidenced by the document in which such covenant or similar restriction is contained (and such covenant or similar restriction shall be deemed an Additional Covenant only to the extent that it is more restrictive or more beneficial) or (ii) is different from the subject matter of the covenants in paragraphs 5 and 6 of this Agreement, or related definitions in paragraph 10 of this Agreement.

"Additional Default" shall mean any provision contained in any document or instrument creating or evidencing Debt of the Company which permits the holder or holders of Debt to accelerate (with the passage of time or giving of notice or both) the maturity thereof or otherwise requires the Company or any Subsidiary to purchase such Debt prior to the stated maturity thereof and which either (i) is similar to the Defaults and Events of Default contained in paragraph 7 of this Agreement, or related definitions in paragraph 10 of this Agreement, but contains one or more percentages, amounts or formulas that is more restrictive or has a shorter grace period than those set forth herein or is more beneficial to the holders of such other Debt (and such provision shall be deemed an Additional Default only to the extent that it is more restrictive, has a shorter grace period or is more beneficial) or (ii) is different from the subject matter of the Defaults and Events of Default contained in paragraph 7 of this Agreement, or related definitions in paragraph 10 of this Agreement.

"Ameri-Forge Disposition" means an Asset Disposition involving all (but not less than all) of the stock or all or substantially all of the assets of the Company's Subsidiary Ameri-Forge Corporation and its own Subsidiaries.

-6-

<PAGE>

"Ameri-Forge Write-Down" means the write-down of assets of Ameri-Forge Corporation from book value to fair market value.

"Ameri-Forge Write-Down Amount" means, on any date, the lesser of (a) the actual aggregate amount that stockholders' equity of the Company has been reduced on or before such date by the Ameri-Forge Write Down or (b) \$70,000,000.

"APG Lime Corp. Disposition" shall mean an Asset Disposition involving all (but not less than all) of the stock or all or substantially all of the

assets of the Company's Subsidiary APG Lime Corp. and its own Subsidiaries.

"Consolidated EBITDA" shall mean, for any period, the sum of the following, calculated on a consolidated basis for the Company and its Restricted Subsidiaries without duplication: (a) Consolidated Net Income (or minus any consolidated net loss) for such period, plus (b) to the extent actually deducted in calculating Consolidated Net Income (or consolidated net loss), Consolidated Interest Expense (including the interest portion of Capitalized Lease Obligations), Income Taxes, depreciation, amortization, and other noncash charges, plus (c) losses (or minus gains) from the sale of fixed assets not in the ordinary course of business and other extraordinary or nonrecurring items, plus (d) nonrecurring costs actually incurred during such period for Synergy Events, provided such costs are described in reasonable detail on a schedule to the Officer's Certificate for such period delivered in accordance with the penultimate paragraph of paragraph 5A, less (e) dividends declared and paid to any Person other than a Co-Maker or a Guarantor; provided that with respect to Acquired Assets the Company shall prepare historical financial statements for the period from the beginning of the period for which Consolidated EBITDA is being calculated to the time of the acquisition of such Acquired Assets as if the Co-Maker or a Restricted Subsidiary owned the Acquired Assets from the beginning of the period for which Consolidated EBITDA is being calculated (it being understood such statements may contain (x) adjustments to reflect cost savings (annualized based on actual cost savings during such period after the date of such acquisition) attributable to a Synergy Event, as described in reasonable detail on a schedule to the Officer's Certificate for such period delivered in accordance with the penultimate paragraph of paragraph 5A, and (y) such other adjustments (as may be agreed to by the Required Holders) relating to Acquired Assets (other than costs for Synergy Events)).

"Consolidated Funded Debt" shall mean, at any particular time, the sum of the following, calculated on a consolidated basis for the Company and its Restricted Subsidiaries in accordance with GAAP, without duplication: (a) all obligations for borrowed money (as a direct obligor on a promissory note, bond, debenture or other similar instrument), plus (b) all Capitalized Lease Obligations (other than the interest component of such obligations), plus (c) all obligations for the deferred purchase price of property excluding (i) trade accounts payable of such Person arising in the ordinary course of business, (ii) any such obligations which are non-recourse to the credit of the Co-Makers and (iii) obligations for

-7-

<PAGE>

earn-out payments which are contingent on performance in connection with the acquisition of a business.

"Consolidated Interest Expense" shall mean, for any period, the aggregate interest expense of the Company and its Restricted Subsidiaries, as determined in accordance with GAAP.

"Consolidated Net Worth" means, at any particular time, all amounts which, in conformity with GAAP, would be included as stockholder's equity on a consolidated balance sheet of the Company and its Subsidiaries.

"Credit Agreement Termination" shall mean that: (a) no Commitment (as defined in the Credit Agreement) remains outstanding under the Credit Agreement; and (b) the Credit Agreement has been permanently terminated and all notes and other obligations of the Company and its Subsidiaries thereunder have been paid in full.

"Income Taxes" means federal, state, local and foreign income taxes.

"Synergy Event" shall mean an action or measure actually taken by the Company or a Restricted Subsidiary to address factors such as overlapping functions and/or personnel resulting from an acquisition of Acquired Assets.

(k) Paragraph 10B of the Note Agreement is hereby amended by deleting the definition of Consolidated Tangible Net Worth.

(l) Exhibit A, in the form attached hereto, hereby replaces existing Exhibits A to the Note Agreement.

Section 2. Replacement Notes. The Co-Makers and the Purchasers hereby agree that the form of note attached hereto as Exhibits A making certain changes to the Notes to reflect the provisions hereof regarding the rate of interest to accrue on the Notes, replaces the existing Notes.

Section 3. Effective Date. This Amendment shall become effective on the date hereof (the "Effective Date"), subject in all cases to the following having been received by and being satisfactory to the Purchasers:

(a) duly executed counterparts of this Amendment;

(b) duly executed Notes in the forms attached to this Amendment, executed by the Co-Makers;

-8-

<PAGE>

(c) a copy of the Credit Agreement Amendment and the Credit Agreement as in effect on the Effective Date, certified by the Co-Makers;

(d) certificates of the Secretary or Assistant Secretary of each of the Guarantors and the Co-Makers attaching and certifying copies of (i) the certificate of incorporation of such Guarantor or Co-Maker, as the case may be, (ii) the bylaws of such Guarantor or Co-Maker, as the case may be, (iii) the resolutions of the board of directors of such Guarantor authorizing the execution and delivery of this Amendment; (iv) the resolutions of the board of directors of each Co-Maker authorizing the execution, delivery, and performance of this Amendment; and (v) the name, title and true signature of each officer of such Guarantor or Co-Maker, as the case may be, executing the Amendment; and

(e) a favorable opinion of Jeanette H. Quay, general counsel of the Company, counsel for the Co-Makers and the Guarantors, satisfactory to the Purchasers and the Purchasers' special counsel and addressing such matters as the Purchasers may request;

(f) payment by the Company to the Purchaser, and the receipt by Purchaser of evidence satisfactory to it of its receipt of, an amendment fee of 0.25% of the principal amount outstanding, as of the Effective Date, on the Notes held by the Purchaser.

(g) evidence satisfactory to the Purchasers that the Purchasers' special counsel has received its fees, charges and disbursements charged or incurred in connection with the preparation, negotiation, execution and delivery of this Amendment, and any other documents executed and delivered contemporaneously herewith or therewith, to the extent such fees, charges and disbursements are reflected in a statement of such special counsel tendered to the Co-Makers at least one Business Day prior to the execution of this Amendment.

Section 4. Representations and Warranties. In order to induce the Purchasers to enter into this Amendment, each of the Co-Makers represents and warrants as follows:

(a) Organization. The Company is a corporation duly organized and validly existing in good standing under the laws of the State of Delaware. GPX is a corporation duly organized and validly existing in good standing under the laws of the State of Nevada. Each other Guarantor is a corporation duly organized and validly existing in good standing under the laws of the state of its incorporation.

(b) Power and Authority. Each of the Co-Makers and each Guarantor has all requisite corporate power to execute, deliver and perform its obligations under this Amendment and the Notes executed by it. The execution, delivery and performance by the Co-Makers of this Amendment and the Notes and the execution and delivery by the Guarantors of this Amendment have been duly authorized by all requisite corporate action on the part of each of the Co-Makers or such Guarantors, as the case may be. Each of the Co-Makers has duly executed and delivered this Amendment and the Notes, and this Amendment and the Notes constitute legal, valid and binding

-9-

<PAGE>

obligations of each of the Co-Makers, enforceable against the Co-Makers in accordance with their respective terms. Each of the Guarantors has duly executed and delivered this Amendment, and this Amendment constitutes the legal, valid and binding obligation of such Guarantor, enforceable against it in accordance with its terms.

(c) No Conflicts. Neither the execution and delivery of this Amendment or the Notes by the Co-Makers or the execution and delivery of this Amendment by the Guarantors, nor the consummation of the transactions contemplated hereby, nor fulfillment of nor compliance with the terms and provisions thereof will conflict with, or result in a breach of the terms, conditions or provisions of, or constitute a default under, or result in any violation of, or result in the creation of any security interest, lien or other encumbrance upon any of the properties or assets of the Co-Makers or the Guarantors pursuant to the certificate of incorporation or bylaws of the Co-Makers or the Guarantors, any award of any arbitrator or any agreement (including any agreement with stockholders), instrument, order, judgment, decree, statute, law, rule or regulation to which the Co-Makers or the Guarantors are subject.

(d) Consents. Neither the nature of the business conducted by the Co-Makers, nor any of its properties, nor any relationship between the Co-Makers and any other Person, nor any circumstance in connection with the transactions contemplated by this Amendment is such as to require any authorization, consent, approval, exemption or other action by or notice to or filing with any court or administrative or governmental body or any other Person in connection with the execution and delivery of this Amendment or fulfillment of or compliance with the terms and provisions hereof.

(e) No Event of Default or Default. Immediately following the effectiveness of this Amendment, no Event of Default or Default exists.

(f) Other. All representations and warranties of the Co-Makers in the Credit Agreement are true and correct on the date hereof, as though made on and as of such date.

Section 5. Miscellaneous.

(a) References to Note Agreement. Upon and after the Effective Date, each reference to the Note Agreement in each document relating thereto shall mean and be a reference to such Note Agreement as amended by this Amendment.

(b) Ratification and Confirmation. Except as specifically amended herein,

the Note Agreement shall remain in full force and effect, and is hereby ratified and confirmed.

(c) No Waiver. The execution, delivery and effectiveness of this Amendment shall not operate as a waiver of any right, power or remedy of any Purchaser or any other holder of Notes, nor constitute a waiver of any provision of the Note Agreement (as amended by this Amendment), the Notes or any other document relating thereto.

-10-

<PAGE>

(d) Expenses. The Company confirms its agreement, pursuant to paragraph 11B of the Note Agreement, to pay promptly all expenses of Purchaser related to this Amendment and all matters contemplated hereby, including, without limitation, all fees and expenses of the Purchasers' special counsel.

(e) GOVERNING LAW. THIS AMENDMENT SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, AND THE RIGHTS OF THE PARTIES SHALL BE GOVERNED BY, THE LAW OF THE STATE OF NEW YORK, AND EACH OF THE PARTIES HERETO CHOOSES NEW YORK LAW TO GOVERN THIS AMENDMENT PURSUANT TO N.Y. GEN. OBLIG. LAW SECTION 5-1401 (CONSOL. 1995).

(f) Counterparts. This Amendment may be executed in counterparts (including those transmitted by facsimile), each of which shall be deemed an original and all of which taken together shall constitute one and the same document. Delivery of this Amendment may be made by facsimile transmission of a duly executed counterpart copy hereof.

[Remainder of Page Intentionally Left Blank; Signature Page Follows]

-11-

<PAGE>

IN WITNESS WHEREOF, the parties hereto have caused their duly authorized officers to execute this Amendment as of the date first above written.

THE PRUDENTIAL INSURANCE COMPANY
OF AMERICA

By:

Name:
Title:

GLOBAL INDUSTRIAL TECHNOLOGIES, INC.

By:

Name:
Title:

GPX CORP.

By:

Name:
Title:

Each of the undersigned Guarantors, having guaranteed the obligations of the Co-Makers under the Note Agreement and the Notes issued thereunder, pursuant to a Guaranty dated as of October 2, 1998 (the "Guaranty") hereby consents, as of the date first above written, to the execution by the Co-Makers of the foregoing Amendment; and reaffirms that the obligations of the Co-Makers under the Note Agreement (defined above) as amended by the Amendment, and under the replacement Notes issued pursuant to the Amendment constitute "Guaranteed Indebtedness" within the meaning of that Guaranty; and affirms that the Guaranty remains in full force and effect in favor of the Purchaser; and confirms that the representations made in Section 4 hereof, insofar as such representations relate to such Guarantor, are true and correct as of the date of the Amendment.

-12-

<PAGE>

GLOBAL INDUSTRIAL TECHNOLOGIES,
INC.

By: _____

Name:
Title:

GPX CORP.

By: _____

Name:
Title:

HARBISON-WALKER REFRACTORIES
COMPANY

By: _____

Name:
Title:

HARBISON-WALKER INTERNATIONAL
REFRACTORIES, INC.

By: _____

Name:
Title:

-13-

<PAGE>

AMERI-FORGE CORPORATION

By: _____
Name:
Title:

A.P. GREEN REFRACTORIES, INC.

By: _____
Name:
Title:

-14-

<PAGE>

EXHIBIT A

FORM OF NOTE
GLOBAL INDUSTRIAL TECHNOLOGIES, INC.
GPX CORP.

7.05% SENIOR NOTE DUE _____, 2010

No. R-01

ORIGINAL PRINCIPAL AMOUNT: \$25,000,000

ORIGINAL ISSUE DATE: October 2, 1998

INTEREST RATE: 7.05%, PROVIDED, HOWEVER, THAT IF A CREDIT AGREEMENT TERMINATION (AS DEFINED IN THE AGREEMENT REFERRED TO BELOW) HAS NOT OCCURRED ON OR PRIOR TO AUGUST 1, 1999, THE INTEREST RATE WILL BE 11.05% PER ANNUM COMMENCING AUGUST 1, 1999

INTEREST PAYMENT DATES: January 2nd, April 2nd, July 2nd and October 2nd of each year

FINAL MATURITY DATE: October 2, 2010

PRINCIPAL PREPAYMENT DATES AND AMOUNTS:

October 2, 2006 - \$5,000,000
October 2, 2007 - \$5,000,000
October 2, 2008 - \$5,000,000
October 2, 2009 - \$5,000,000

FOR VALUE RECEIVED, the undersigned, GLOBAL INDUSTRIAL TECHNOLOGIES, INC. (the "Company"), a corporation organized and existing under the laws of the State of Delaware, and GPX CORP., a corporation organized and existing under the laws of the State of Nevada (collectively, "Co-Makers"), hereby jointly and severally promise to pay to _____, or registered assigns, the principal sum of _____ DOLLARS payable in required prepayments on the Principal Prepayment Dates and in the amounts specified above, and on the Final Maturity Date specified above in an amount equal to the unpaid balance of the principal hereof, with interest (computed on the basis of a 360-day year--30-day month) (a) on the unpaid balance thereof at the Interest Rate per annum specified above from the Original Issue Date specified above, payable on each Interest Payment Date specified above and on the Final Maturity Date specified above, commencing January 2, 1999, until the principal hereof shall have become due and payable, and (b) on any overdue payment (including any overdue prepayment) of principal, any overdue payment of interest and any overdue payment of any Yield-Maintenance Amount (as defined in the Agreement referred to below), payable quarterly as aforesaid (or, at the option of the registered holder hereof, on demand), at a rate per annum from time to time equal to the

lesser of (a) the maximum rate permitted by applicable law or (b) the

A-1

<PAGE>

greater of (i) 9.05% or (ii) 2% over the rate of interest publicly announced by the Bank of New York from time to time in New York City as its Prime Rate; provided, however, that if a Credit Agreement Termination has not occurred on or prior to August 1, 1999, the rate applicable under this clause (b) will be the greater of (i) 13.05% or (ii) 6% over the rate of interest publicly announced by the Bank of New York from time to time in New York City as its Prime Rate.

Payments of principal of, interest on and any Yield-Maintenance Amount payable with respect to this Note are to be made at the main office of Bank of New York in New York City or at such other place as the holder hereof shall designate to the Company in writing, in lawful money of the United States of America.

This Note is one of the 7.05% Senior Notes (the "Notes") issued pursuant to a Note Agreement, dated as of October 2, 1998 (as amended, supplemented or otherwise modified from time to time, the "Agreement"), among the Co-Makers and the original purchasers of the Notes named in the Information Schedule attached thereto and is entitled to the benefits thereof. As provided in the Agreement, this Note is subject to prepayment, in whole or from time to time in part on the terms specified in the Agreement.

This Note is a registered Note and, as provided in and subject to the Agreement, upon surrender of this Note for registration of transfer, duly endorsed, or accompanied by a written instrument of transfer duly executed, by the registered holder hereof or such holder's attorney duly authorized in writing, a new Note for a like principal amount will be issued to, and registered in the name of, the transferee. Prior to due presentment for registration of transfer, the Co-Makers may treat the person in whose name this Note is registered as the owner hereof for the purpose of receiving payment and for all other purposes, and the Co-Makers shall not be affected by any notice to the contrary.

In case an Event of Default, as defined in the Agreement, shall occur and be continuing, the principal of this Note may be declared or otherwise become due and payable in the manner and with the effect provided in the Agreement.

The Co-Makers and any and all endorser, guarantors and sureties severally waive grace, demand, presentment for payment, notice of dishonor or default, notice of intent to accelerate, notice of acceleration (to the extent set forth in the Agreement), protest and diligence in collecting.

Should any indebtedness represented by this Note be collected at law or in equity, or in bankruptcy or other proceedings, or should this Note be placed in the hands of attorneys for collection, the Company agrees to pay, in addition to the principal, Yield-Maintenance Amount, if any, and interest due and payable hereon, all costs of collecting or attempting to collect this Note, including reasonable attorneys' fees and expenses (including those incurred in connection with any appeal).

A-2

<PAGE>

The Co-Makers, and the purchaser and the registered holder of this Note specifically intend and agree to limit contractually the amount of interest payable under this Note to the maximum amount of interest lawfully permitted to be charged under applicable law. Therefore, none of the terms of this Note

shall ever be construed to create a contract to pay interest at a rate in excess of the maximum rate permitted to be charged under applicable law, and neither the Co-Makers nor any other party liable or to become liable hereunder shall ever be liable for interest in excess of the amount determined at such maximum rate, and the provisions of paragraph 11R of the Agreement shall control over any contrary provision of this Note.

A-3

<PAGE>

This note is intended to be performed in the State of New York and shall be construed and enforced in accordance with the law of such State.

GLOBAL INDUSTRIAL
TECHNOLOGIES, INC.

By: _____
Vice President

By: _____
Treasurer

GPX CORP.

By: _____
Vice President

By: _____
Treasurer

A-4

</TEXT>
</DOCUMENT>
<DOCUMENT>
<TYPE>EX-10.30
<SEQUENCE>6
<DESCRIPTION>NOTE AGREEMENT DATED AS OF JUNE 30, 1998
<TEXT>

<PAGE>

EXHIBIT 10.30

GLOBAL INDUSTRIAL TECHNOLOGIES, INC.

GPX CORP.

AMENDMENT NO. 2

dated as of March 29, 1999

to

Note Agreement dated as of June 30, 1998
\$75,000,000 6.83% Senior Notes, Due June 30, 2008

<PAGE>

AMENDMENT NO. 2 TO NOTE AGREEMENT

THIS AMENDMENT NO. 2 TO NOTE AGREEMENT dated as of March 29, 1999, (this "Amendment"), is entered into by and between GLOBAL INDUSTRIAL TECHNOLOGIES, INC., a Delaware corporation (the "Company"), and GPX CORP., a Nevada corporation ("GPX," and together with the Company, the "Co-Makers"), THE PRUDENTIAL INSURANCE COMPANY OF AMERICA ("Prudential") and U.S. PRIVATE PLACEMENT FUND ("U.S. Fund") (collectively, the "Purchasers").

Recitals

A. The Co-Makers and the Purchasers entered into a Note Agreement dated as of June 30, 1998 (as amended, supplemented or otherwise modified from time to time, the "Note Agreement"), pursuant to which the Co-Makers issued and sold to the Purchasers and the Purchasers purchased, on the terms and conditions therein set forth, the Co-Makers' 6.83% Senior Notes, Due June 30, 2008 in the aggregate principal amount of \$75,000,000 (the "Notes"). The Purchasers remain, collectively, the holders of 100% of the outstanding principal amount of the Notes.

Capitalized terms used and not otherwise defined herein shall have the respective meanings ascribed to them in the Note Agreement.

B. The Co-Makers and Chase Bank of Texas, N.A., Bank of America National Trust and Savings Association, ABN Amro Bank N.V., The Chase Manhattan Bank and the other financial institutions party thereto (collectively, the "Banks") have entered into a Credit Agreement dated as of August 31, 1998 (as the same may be amended, modified, or supplemented from time to time, the "Credit Agreement"), pursuant to which the Banks have agreed to extend credit to the Co-Makers in the form of revolving credit advances not to exceed an aggregate principal amount of \$215,000,000.

C. The Restricted Subsidiaries (including GPX) that have executed guaranties in connection with the Credit Agreement and the Company (collectively, the "Guarantors") have executed Guaranties in respect of the Co-Makers' obligations under the Notes.

D. The Guarantors, the Banks, and the Purchasers have executed a Sharing Agreement dated as of August 31, 1998 as supplemented by agreement dated as of October 2, 1998.

E. The Co-Makers and the Banks intend to amend certain provisions of the Credit Agreement (herein, the "Credit Agreement Amendment"), and the Co-Makers and the Purchasers desire to amend the Note Agreement in the respects, but only in the respects, hereinafter set forth.

<PAGE>

NOW, THEREFORE, the Co-Makers and the Purchasers, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, do hereby agree as follows:

Section 1. Amendment of the Note Agreement. The Note Agreement is hereby amended as follows:

(a) Paragraph 1 of the Note Agreement is amended to read in its entirety as follows:

1. Authorization of Issue of Notes. The Co-Makers will authorize the issue of their joint and several senior promissory notes in the aggregate principal amount of \$75,000,000: (i) to be dated the date of issue thereof; (ii) to mature June 30, 2008; (iii) to bear interest on the unpaid balance thereof (A) from the date thereof until the principal thereof shall have become due and payable at the rate of 6.83% per annum, provided, however, that if a Credit Agreement Termination has not occurred on or prior to August 1, 1999, such unpaid balance shall bear interest commencing August 1, 1999, until the principal thereof shall have become due and payable, at the rate of 10.83% per annum and (B) on overdue payments at the rate specified therein, and to be substantially in the form of Exhibit A attached hereto. The term "Notes" as used herein shall include each such senior promissory note delivered pursuant to any provision of this Agreement and each such senior promissory note delivered in substitution or exchange for any other Note pursuant to any such provision.

(b) A new Paragraph 4E is added to the Note Agreement to read in its entirety as follows:

4E. Mandatory Prepayment. The Notes shall be prepaid in the amounts and in the circumstances provided in paragraph 6F.

(c) Paragraph 5A is amended by inserting the paragraph number and punctuation "6C," immediately preceding the reference to "6D" in the fourth line of the text immediately following paragraph 5A(vi), and by deleting the word "and" found between the references to paragraphs "6F" and "6G" in that line, and by inserting the words "and 6I" following the reference to "6G" in that line.

(d) A new paragraph 5M is added to the Note Agreement to read in its entirety as follows:

5M. Payment of Fee Absent Credit Agreement Termination. Unless on or prior to August 1, 1999, a Credit Agreement Termination has occurred, the Company shall pay on August 1, 1999 to each Purchaser an amount equal to 0.50% of the principal amount then outstanding on the Notes held by such Purchaser.

-2-

<PAGE>

(e) Paragraphs 6A, 6B and 6C of the Note Agreement are amended in their entirety to read as follows:

6A. Minimum Consolidated Net Worth. The Company will not permit Consolidated Net Worth to be less than (1) at all times during the period from and including December 31, 1998 to and including June 30, 2000, (a) in the event the Ameri-Forge Write-Down has not been taken on or before the date of determination or is taken after March

31, 1999, \$270,000,000, and (b) in the event the Ameri-Forge Write-Down is taken on or before the date of determination but no later than March 31, 1999, an amount equal to (i) the difference of \$290,000,000 minus the Ameri-Forge Write-Down Amount, multiplied by (ii) 93%, and (2) \$325,000,000 at all times on and after July 1, 2000.

6B. Limitation on Consolidated Total Debt. The Company will not and will not permit any Restricted Subsidiary to create, incur, assume, or suffer to exist any Debt if Consolidated Total Debt will, (i) at any time during the period commencing December 31, 1998 and ending July 31, 1999, exceed 64% of Total Capitalization; (ii) at any time during the period commencing August 1, 1999 and ending September 30, 1999, exceed 55% of Total Capitalization; (iii) at any time during the period commencing October 1, 1999 and ending December 31, 1999, exceed 50% of Total Capitalization; or (iv) at any time after December 31, 1999, exceed 45% of Total Capitalization.

6C. Funded Debt/EBITDA Ratio. The Company will maintain or cause to be maintained, as of the end of each fiscal quarter of the Company for the most recent four (4) fiscal quarters then ended, a ratio of Consolidated Funded Debt to Consolidated EBITDA of not greater than the ratio set forth below during the applicable time period set forth below:

Time Period -----	Ratio -----
Through August 31, 1999	4.25 to 1.00
Commencing September 1, 1999, through February 29, 2000	3.75 to 1.00
Commencing March 1, 2000, through August 31, 2000,	3.50 to 1.00
Commencing September 1, 2000, and thereafter	3.25 to 1.00

(f) paragraph 6F of the Note Agreement is amended by the deletion of the word "either" in subparagraph (i), immediately preceding subparagraph (A); by inserting the phrase "(other than

-3-

<PAGE>

an APG Lime Corp. Disposition or an Ameri-Forge Disposition)" following the phrase "Asset Dispositions" in the first line of subparagraph (A) and in the second line of subparagraph (B); and by addition of new subparagraphs (C) and (D), following subparagraph (B), to read in its entirety as follows:

(C) in the case of an Ameri-Forge Disposition, the proceeds of such disposition shall (after the Company has given to the holders of the Notes at least ten (10) days' prior written notice of prepayment under this subparagraph) be applied, on the first Business Day following the date of closing of such disposition, to prepay in part, ratably: (1) the Obligations (as defined in the Credit Agreement; and (2) principal of the Notes, and the notes (the "Other Notes") issued under the Note Agreement dated as of October 2, 1998 between the Company and The Prudential Insurance Company of America, as amended, and the Note Agreement dated as of January 31, 1996 between the Company and The Prudential Insurance Company of America and Principal Life Insurance Company, as amended, and interest on the amount so prepaid (without Yield-Maintenance Amount with respect to the principal of the Notes so

prepaid); provided, however, that if a holder of a Note so elects in writing, it may waive its right to such prepayment out of such proceeds; and provided, further, that if any holder of a Note is also a holder of Other Notes, it may apply the principal of such prepayment to such Note and/or Other Notes as such holder may determine in its discretion; or

(D) in the case of an APG Lime Corp. Disposition, the proceeds of such disposition shall be applied, on the first Business Day following the date of closing of such disposition, to reduce the Debt outstanding under the Credit Agreement provided that the Total Commitment (as defined in the Credit Agreement) is, upon such application, reduced to not more than \$140,000,000; or

(g) Subparagraphs (c) and (d) of paragraph 6G are amended to read in their entirety as follows:

(c) the Company may merge with any Person if (i) at the time of such merger after giving effect thereto no Default or Event of Default shall exist; (ii) the Company is the surviving entity of such merger; and (iii) the total cash and non-cash consideration paid and Debt assumed or incurred by the Company or any Restricted Subsidiary in connection with such merger and all mergers permitted by subparagraph (d) below shall not exceed in the aggregate the amount specified in the provisos in the first sentence of paragraph 6I; and

(d) any Subsidiary may merge with any other Person if (i) in the case of a merger of a Restricted Subsidiary, (A) the surviving entity: (1) is, or as a result of the merger or consolidation, becomes a Restricted Subsidiary, (2) is organized under the laws of any state of the United States of America, (3) shall expressly assume, by written agreement, all of the obligations of such Restricted Subsidiary under its

-4-

<PAGE>

Guaranty, (4) has a net worth of greater than zero at the time of (and after giving effect to) such merger, and (B) immediately following such merger no Default or Event of Default shall exist; and (ii) in the case of a Subsidiary that is not a Restricted Subsidiary, the surviving entity shall be a Subsidiary, and (iii) in either case, the total cash and non-cash consideration paid and Debt assumed or incurred by the Company or any Restricted Subsidiary in connection with all such mergers and any merger permitted by subparagraph (c) above shall not exceed in the aggregate the amount specified in the provisos in the first sentence of paragraph 6I.

(h) New paragraphs 6I and 6J are added to the Note Agreement to read in their entirety as follows:

6I Acquisitions. Without the prior written consent of the Required Holders (which consent will not be unreasonably withheld), the Company will not, and (except for any such transaction between Restricted Subsidiaries that are Guarantors hereunder) will not permit any of its Restricted Subsidiaries to, purchase or otherwise acquire (whether by merger or otherwise) all or substantially all the assets of, or the equity interests in, any Person, unless, immediately before such purchase or acquisition and after giving effect thereto, no Default or Event of Default shall have occurred and be continuing; provided, however, that, if at any time the ratio of Consolidated Funded Debt to Consolidated EBITDA is greater than 3.75 to 1.00, the total cash and non-cash consideration paid and Debt assumed or incurred in connection

with all such acquisitions made during the period from August 31, 1998 through such time of determination shall not exceed \$40,000,000 in the aggregate, provided further that such ratio shall not at any time exceed the applicable ratio specified in paragraph 6C. If the Co-Makers request in writing that the Required Holders consent to any acquisition not otherwise permitted under this paragraph 6I, the Required Holders agree to respond to any such request within 14 days after the time such request is made and reasonable supporting documentation and information has been provided to the holders of the Notes.

6J Most Favored Lender Status. The Company will not and will not permit any Subsidiary to enter into, assume or otherwise be bound or obligated under any agreement creating or evidencing Debt in excess of \$5,000,000 containing one or more Additional Covenants or Additional Defaults, unless prior written consent to such agreement shall have been obtained pursuant to paragraph 11C; provided, however, in the event the Company or any Subsidiary shall enter into, assume or otherwise become bound by or obligated under any such agreement without the prior written consent of the Required Holders, the terms of this Agreement shall, without any further action on the part of the Company or any of the holders of the Notes, be deemed to be amended automatically to include each Additional Covenant and each Additional Default contained in such agreement. The Company further covenants to promptly execute and deliver at its expense (including, without limitation, the fees

-5-

<PAGE>

and expenses of counsel for the holders of the Notes) an amendment to this Agreement in form and substance satisfactory to the Required Holder(s) evidencing the amendment of this Agreement to include such Additional Covenants and Additional Defaults, provided that the execution and delivery of such amendment shall not be a precondition to the effectiveness of such amendment as provided for in this paragraph 6J, but shall merely be for the convenience of the parties hereto.

(i) Subparagraph (v) of paragraph 7A is amended by inserting the phrase "or paragraph 5M" immediately following the reference to "paragraph 6".

(j) Paragraph 10B of the Note Agreement is amended by inserting the following new defined terms in the appropriate alphabetical order within such paragraph:

"Acquired Assets" means any assets (including the capital stock of any Person) acquired by the Company or any of its Restricted Subsidiaries pursuant to transactions permitted by paragraph 6I.

"Additional Covenant" shall mean any affirmative or negative covenant or similar restriction applicable to the Company or any Subsidiary (regardless of whether such provision is labeled or otherwise characterized as a covenant) the subject matter of which either (i) is similar to that of the covenants in paragraphs 5 and 6 of this Agreement, or related definitions in paragraph 10 of this Agreement, but contains one or more percentages, amounts or formulas that is more restrictive than those set forth herein or more beneficial to the holder or holders of the Debt created or evidenced by the document in which such covenant or similar restriction is contained (and such covenant or similar restriction shall be deemed an Additional Covenant only to the extent that it is more restrictive or more beneficial) or (ii) is different from the subject matter of the covenants in paragraphs 5 and 6 of this Agreement, or related definitions in paragraph 10 of this Agreement.

"Additional Default" shall mean any provision contained in any document or instrument creating or evidencing Debt of the Company which permits the holder or holders of Debt to accelerate (with the passage of time or giving of notice or both) the maturity thereof or otherwise requires the Company or any Subsidiary to purchase such Debt prior to the stated maturity thereof and which either (i) is similar to the Defaults and Events of Default contained in paragraph 7 of this Agreement, or related definitions in paragraph 10 of this Agreement, but contains one or more percentages, amounts or formulas that is more restrictive or has a shorter grace period than those set forth herein or is more beneficial to the holders of such other Debt (and such provision shall be deemed an Additional Default only to the extent that it is more restrictive, has a shorter grace period or is more beneficial) or (ii) is different from the subject matter of the Defaults and Events of Default contained in paragraph 7 of this Agreement, or related definitions in paragraph 10 of this Agreement.

-6-

<PAGE>

"Ameri-Forge Disposition" means an Asset Disposition involving all (but not less than all) of the stock or all or substantially all of the assets of the Company's Subsidiary Ameri-Forge Corporation and its own Subsidiaries.

"Ameri-Forge Write-Down" means the write-down of assets of Ameri-Forge Corporation from book value to fair market value.

"Ameri-Forge Write-Down Amount" means, on any date, the lesser of (a) the actual aggregate amount that stockholders' equity of the Company has been reduced on or before such date by the Ameri-Forge Write Down or (b) \$70,000,000.

"APG Lime Corp. Disposition" shall mean an Asset Disposition involving all (but not less than all) of the stock or all or substantially all of the assets of the Company's Subsidiary APG Lime Corp. and its own Subsidiaries.

"Consolidated EBITDA" shall mean, for any period, the sum of the following, calculated on a consolidated basis for the Company and its Restricted Subsidiaries without duplication: (a) Consolidated Net Income (or minus any consolidated net loss) for such period, plus (b) to the extent actually deducted in calculating Consolidated Net Income (or consolidated net loss), Consolidated Interest Expense (including the interest portion of Capitalized Lease Obligations), Income Taxes, depreciation, amortization, and other noncash charges, plus (c) losses (or minus gains) from the sale of fixed assets not in the ordinary course of business and other extraordinary or nonrecurring items, plus (d) nonrecurring costs actually incurred during such period for Synergy Events, provided such costs are described in reasonable detail on a schedule to the Officer's Certificate for such period delivered in accordance with the penultimate paragraph of paragraph 5A, less (e) dividends declared and paid to any Person other than a Co-Maker or a Guarantor; provided that with respect to Acquired Assets the Company shall prepare historical financial statements for the period from the beginning of the period for which Consolidated EBITDA is being calculated to the time of the acquisition of such Acquired Assets as if the Co-Maker or a Restricted Subsidiary owned the Acquired Assets from the beginning of the period for which Consolidated EBITDA is being calculated (it being understood such statements may contain (x) adjustments to reflect cost savings (annualized based on actual cost savings during such period after the date of such acquisition) attributable to a Synergy Event, as described in reasonable detail on a schedule to the Officer's Certificate for such period delivered in accordance with the

penultimate paragraph of paragraph 5A, and (y) such other adjustments (as may be agreed to by the Required Holders) relating to Acquired Assets (other than costs for Synergy Events)).

"Consolidated Funded Debt" shall mean, at any particular time, the sum of the following, calculated on a consolidated basis for the Company and its Restricted Subsidiaries in accordance with GAAP, without duplication: (a) all obligations for borrowed money (as a direct obligor on a promissory note, bond, debenture or other similar instrument), plus (b)

-7-

<PAGE>

all Capitalized Lease Obligations (other than the interest component of such obligations), plus (c) all obligations for the deferred purchase price of property excluding (i) trade accounts payable of such Person arising in the ordinary course of business, (ii) any such obligations which are non-recourse to the credit of the Co-Makers and (iii) obligations for earn-out payments which are contingent on performance in connection with the acquisition of a business.

"Consolidated Interest Expense" shall mean, for any period, the aggregate interest expense of the Company and its Restricted Subsidiaries, as determined in accordance with GAAP.

"Consolidated Net Worth" means, at any particular time, all amounts which, in conformity with GAAP, would be included as stockholder's equity on a consolidated balance sheet of the Company and its Subsidiaries.

"Credit Agreement Termination" shall mean that: (a) no Commitment (as defined in the Credit Agreement) remains outstanding under the Credit Agreement; and (b) the Credit Agreement has been permanently terminated and all notes and other obligations of the Company and its Subsidiaries thereunder have been paid in full.

"Income Taxes" means federal, state, local and foreign income taxes.

"Synergy Event" shall mean an action or measure actually taken by the Company or a Restricted Subsidiary to address factors such as overlapping functions and/or personnel resulting from an acquisition of Acquired Assets.

(k) Paragraph 10B of the Note Agreement is hereby amended by deleting the definition of Consolidated Tangible Net Worth.

(l) Exhibit A, in the form attached hereto, hereby replaces existing Exhibit A to the Note Agreement.

Section 2. Replacement Notes. The Co-Makers and the Purchasers hereby agree that the form of note attached hereto as Exhibit A making certain changes to the Notes to reflect the provisions hereof regarding the rate of interest to accrue on the Notes, replaces the existing Notes.

Section 3. Effective Date. This Amendment shall become effective on the date hereof (the "Effective Date"), subject in all cases to the following having been received by and being satisfactory to the Purchasers:

- (a) duly executed counterparts of this Amendment;

-8-

<PAGE>

- (b) duly executed Notes in the forms attached to this Amendment, executed

by the Co-Makers;

(c) a copy of the Credit Agreement Amendment and the Credit Agreement as in effect on the Effective Date, certified by the Co-Makers;

(d) certificates of the Secretary or Assistant Secretary of each of the Guarantors and the Co-Makers attaching and certifying copies of (i) the certificate of incorporation of such Guarantor or Co-Maker, as the case may be, (ii) the bylaws of such Guarantor or Co-Maker, as the case may be, (iii) the resolutions of the board of directors of such Guarantor authorizing the execution and delivery of this Amendment; (iv) the resolutions of the board of directors of each Co-Maker authorizing the execution, delivery, and performance of this Amendment; and (v) the name, title and true signature of each officer of such Guarantor or Co-Maker, as the case may be, executing the Amendment; and

(e) a favorable opinion of Jeanette H. Quay, general counsel of the Company, counsel for the Co-Makers and the Guarantors, satisfactory to the Purchasers and the Purchasers' special counsel and addressing such matters as the Purchasers may request;

(f) payment by the Company to each Purchaser, and the receipt by Purchasers of evidence satisfactory to them of their receipt of, an amendment fee of 0.25% of the principal amount outstanding, as of the Effective Date, on the Notes held by such Purchaser.

(g) evidence satisfactory to the Purchasers that the Purchasers' special counsel has received its fees, charges and disbursements charged or incurred in connection with the preparation, negotiation, execution and delivery of this Amendment, and any other documents executed and delivered contemporaneously herewith or therewith, to the extent such fees, charges and disbursements are reflected in a statement of such special counsel tendered to the Co-Makers at least one Business Day prior to the execution of this Amendment.

Section 4. Representations and Warranties. In order to induce the Purchasers to enter into this Amendment, each of the Co-Makers represents and warrants as follows:

(a) Organization. The Company is a corporation duly organized and validly existing in good standing under the laws of the State of Delaware. GPX is a corporation duly organized and validly existing in good standing under the laws of the State of Nevada. Each other Guarantor is a corporation duly organized and validly existing in good standing under the laws of the state of its incorporation.

(b) Power and Authority. Each of the Co-Makers and each Guarantor has all requisite corporate power to execute, deliver and perform its obligations under this Amendment and the Notes executed by it. The execution, delivery and performance by the Co-Makers of this Amendment and the Notes and the execution and delivery by the Guarantors of this Amendment

-9-

<PAGE>

have been duly authorized by all requisite corporate action on the part of each of the Co-Makers or such Guarantors, as the case may be. Each of the Co-Makers has duly executed and delivered this Amendment and the Notes, and this Amendment and the Notes constitute legal, valid and binding obligations of each of the Co-Makers, enforceable against the Co-Makers in accordance with their respective terms. Each of the Guarantors has duly executed and delivered this Amendment, and this Amendment constitutes the legal, valid and binding obligation of such Guarantor, enforceable against it in accordance with its terms.

(c) No Conflicts. Neither the execution and delivery of this Amendment or

the Notes by the Co-Makers or the execution and delivery of this Amendment by the Guarantors, nor the consummation of the transactions contemplated hereby, nor fulfillment of nor compliance with the terms and provisions thereof will conflict with, or result in a breach of the terms, conditions or provisions of, or constitute a default under, or result in any violation of, or result in the creation of any security interest, lien or other encumbrance upon any of the properties or assets of the Co-Makers or the Guarantors pursuant to the certificate of incorporation or bylaws of the Co-Makers or the Guarantors, any award of any arbitrator or any agreement (including any agreement with stockholders), instrument, order, judgment, decree, statute, law, rule or regulation to which the Co-Makers or the Guarantors are subject.

(d) Consents. Neither the nature of the business conducted by the Co-Makers, nor any of its properties, nor any relationship between the Co-Makers and any other Person, nor any circumstance in connection with the transactions contemplated by this Amendment is such as to require any authorization, consent, approval, exemption or other action by or notice to or filing with any court or administrative or governmental body or any other Person in connection with the execution and delivery of this Amendment or fulfillment of or compliance with the terms and provisions hereof.

(e) No Event of Default or Default. Immediately following the effectiveness of this Amendment, no Event of Default or Default exists.

(f) Other. All representations and warranties of the Co-Makers in the Credit Agreement are true and correct on the date hereof, as though made on and as of such date.

Section 5. Miscellaneous.

(a) References to Note Agreement. Upon and after the Effective Date, each reference to the Note Agreement in each document relating thereto shall mean and be a reference to such Note Agreement as amended by this Amendment.

(b) Ratification and Confirmation. Except as specifically amended herein, the Note Agreement shall remain in full force and effect, and is hereby ratified and confirmed.

-10-

<PAGE>

(c) No Waiver. The execution, delivery and effectiveness of this Amendment shall not operate as a waiver of any right, power or remedy of any Purchaser or any other holder of Notes, nor constitute a waiver of any provision of the Note Agreement (as amended by this Amendment), the Notes or any other document relating thereto.

(d) Expenses. The Company confirms its agreement, pursuant to paragraph 11B of the Note Agreement, to pay promptly all expenses of Purchaser related to this Amendment and all matters contemplated hereby, including, without limitation, all fees and expenses of the Purchasers' special counsel.

(e) GOVERNING LAW. THIS AMENDMENT SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, AND THE RIGHTS OF THE PARTIES SHALL BE GOVERNED BY, THE LAW OF THE STATE OF NEW YORK, AND EACH OF THE PARTIES HERETO CHOOSES NEW YORK LAW TO GOVERN THIS AMENDMENT PURSUANT TO N.Y. GEN. OBLIG. LAW SECTION 5-1401 (CONSOL. 1995).

(f) Counterparts. This Amendment may be executed in counterparts (including those transmitted by facsimile), each of which shall be deemed an original and all of which taken together shall constitute one and the same document. Delivery of this Amendment may be made by facsimile transmission of a duly executed counterpart copy hereof.

[Remainder of Page Intentionally Left Blank; Signature Page Follows]

-11-

<PAGE>

IN WITNESS WHEREOF, the parties hereto have caused their duly authorized officers to execute this Amendment as of the date first above written.

THE PRUDENTIAL INSURANCE COMPANY
OF AMERICA

By: _____
Name:
Title:

U.S. PRIVATE PLACEMENT FUND

By: Prudential Private Placement Investors,
L.P., Investment Advisor

By: Prudential Private Placement Investors,
Inc., its General Partner

By: _____
Title: _____

GLOBAL INDUSTRIAL TECHNOLOGIES, INC.

By: _____
Name:
Title:

GPX CORP.

By: _____
Name:
Title:

-12-

<PAGE>

Each of the undersigned Guarantors, having guaranteed the obligations of the Co-Makers under the Note Agreement and the Notes issued thereunder, pursuant to a Guaranty dated as of August 31, 1998 (the "Guaranty") hereby consents, as of the date first above written, to the execution by the Co-Makers of the foregoing Amendment; and reaffirms that the obligations of the Co-Makers under the Note Agreement (defined above) as amended by the Amendment, and under the replacement

Notes issued pursuant to the Amendment constitute "Guaranteed Indebtedness" within the meaning of that Guaranty; and affirms that the Guaranty remains in full force and effect in favor of the Purchasers; and confirms that the representations made in Section 4 hereof, insofar as such representations relate to such Guarantor, are true and correct as of the date of the Amendment.

GLOBAL INDUSTRIAL TECHNOLOGIES, INC.

By: _____
Name:
Title:

GPX CORP.

By: _____
Name:
Title:

HARBISON-WALKER REFRACTORIES COMPANY

By: _____
Name:
Title:

-13-

<PAGE>

HARBISON-WALKER INTERNATIONAL
REFRACTORIES, INC.

By: _____
Name:
Title:

AMERI-FORGE CORPORATION

By: _____
Name:
Title:

A.P. GREEN REFRACTORIES, INC.

By: _____

Name:
Title:

-14-

<PAGE>

EXHIBIT A

FORM OF NOTE
GLOBAL INDUSTRIAL TECHNOLOGIES, INC.
GPX CORP.

6.83% SENIOR NOTE DUE _____, 2008

No. R- _____

[Date]

\$ _____

FOR VALUE RECEIVED, the undersigned, GLOBAL INDUSTRIAL TECHNOLOGIES, INC. (the "Company"), a corporation organized and existing under the laws of the State of Delaware, and GPX CORP., a corporation organized and existing under the laws of the State of Nevada (collectively, "Co-Makers"), hereby jointly and severally promise to pay to _____, or registered assigns, the principal sum of _____ DOLLARS on _____, 20__ with interest (computed on the basis of a 360-day year--30-day month) (a) on the unpaid balance thereof at the rate of 6.83% per annum from the date hereof, provided, however, that if a Credit Agreement Termination (as defined in the Agreement referred to below) has not occurred on or prior to August 1, 1999, such unpaid balance shall bear interest commencing August 1, 1999, until the principal thereof shall have become due and payable, at the rate of 10.83% per annum, such interest being payable quarterly on the last day of March, June, September, and December (each an "Interest Payment Date") in each year, commencing with the March, June, September, or December next succeeding the date hereof, until the principal hereof shall have become due and payable, and (b) on any overdue payment (including any overdue prepayment) of principal, any overdue payment of interest and any overdue payment of any Yield-Maintenance Amount (as defined in the Agreement referred to below), payable quarterly as aforesaid (or, at the option of the registered holder hereof, on demand), at a rate per annum from time to time equal to the lesser of (a) the maximum rate permitted by applicable law or (b) the greater of (i) 8.83% or (ii) 2% over the rate of interest publicly announced by the Bank of New York from time to time in New York City as its Prime Rate; provided, however, that if a Credit Agreement Termination has not occurred on or prior to August 1, 1999, the rate applicable under this clause (b) will be the greater of (i) 12.83% or (ii) 6% over the rate of interest publicly announced by the Bank of New York from time to time in New York City as its Prime Rate.

Payments of principal of, interest on and any Yield-Maintenance Amount payable with respect to this Note are to be made at the main office of Bank of New York in New York City or at such other place as the holder hereof shall designate to the Company in writing, in lawful money of the United States of America.

A-1

<PAGE>

This Note is one of the 6.83% Senior Notes (the "Notes") issued pursuant to a Note Agreement, dated as of June 30, 1998 (as amended, supplemented or otherwise modified from time to time, the "Agreement"), among the Co-Makers and the original purchasers of the Notes named in the Information Schedule attached

thereto and is entitled to the benefits thereof. As provided in the Agreement, this Note is subject to prepayment, in whole or from time to time in part on the terms specified in the Agreement.

This Note is a registered Note and, as provided in and subject to the Agreement, upon surrender of this Note for registration of transfer, duly endorsed, or accompanied by a written instrument of transfer duly executed, by the registered holder hereof or such holder's attorney duly authorized in writing, a new Note for a like principal amount will be issued to, and registered in the name of, the transferee. Prior to due presentment for registration of transfer, the Co-Makers may treat the person in whose name this Note is registered as the owner hereof for the purpose of receiving payment and for all other purposes, and the Co-Makers shall not be affected by any notice to the contrary.

This Note is subject to optional prepayment, in whole or from time to time in part, on the terms specified in the Agreement.

In case an Event of Default, as defined in the Agreement, shall occur and be continuing, the principal of this Note may be declared or otherwise become due and payable in the manner and with the effect provided in the Agreement.

The Co-Makers and any and all endorsers, guarantors and sureties severally waive grace, demand, presentment for payment, notice of dishonor or default, notice of intent to accelerate, notice of acceleration (to the extent set forth in the Agreement), protest and diligence in collecting.

Should any indebtedness represented by this Note be collected at law or in equity, or in bankruptcy or other proceedings, or should this Note be placed in the hands of attorneys for collection, the Company agrees to pay, in addition to the principal, Yield Maintenance Amount, if any, and interest due and payable hereon, all costs of collecting or attempting to collect this Note, including reasonable attorneys' fees and expenses (including those incurred in connection with any appeal).

The Co-Makers, and the purchaser and the registered holder of this Note specifically intend and agree to limit contractually the amount of interest payable under this Note to the maximum amount of interest lawfully permitted to be charged under applicable law. Therefore, none of the terms of this Note shall ever be construed to create a contract to pay interest at a rate in excess of the maximum rate permitted to be charged under applicable law, and neither the Co-Makers nor any other party liable or to become liable hereunder shall ever be liable for interest in excess of the amount determined at such maximum rate, and the provisions of paragraph 11R of the Agreement shall control over any contrary provision of this Note.

A-2

<PAGE>

This note is intended to be performed in the State of New York and shall be construed and enforced in accordance with the law of such State.

GLOBAL INDUSTRIAL
TECHNOLOGIES, INC.

By:

Vice President

By:

Treasurer

GPX CORP.

By: _____
Vice President

By: _____
Treasurer

A-3

</TEXT>
</DOCUMENT>
<DOCUMENT>
<TYPE>EX-10.31
<SEQUENCE>7
<DESCRIPTION>NOTE AGREEMENT DATED AS OF JANUARY 31, 1996
<TEXT>

<PAGE>

EXHIBIT 10.31

GLOBAL INDUSTRIAL TECHNOLOGIES, INC.

GPX CORP.

AMENDMENT NO. 3

dated as of March 29, 1999

to

Note Agreement dated as of January 31, 1996
\$25,000,000 6.45% Senior Notes, Series A, Due January 31, 2002
\$50,000,000 6.76% Senior Notes, Series B, Due January 31, 2006

<PAGE>

AMENDMENT NO. 3 TO NOTE AGREEMENT

THIS AMENDMENT NO. 3 TO NOTE AGREEMENT dated as of March 29, 1999, (this "Amendment"), is entered into by and between GLOBAL INDUSTRIAL TECHNOLOGIES, INC., a Delaware corporation (the "Company"), and GPX CORP., a Nevada corporation ("GPX," and together with the Company, the "Co-Makers"), THE PRUDENTIAL INSURANCE COMPANY OF AMERICA ("Prudential") and PRINCIPAL LIFE INSURANCE COMPANY ("Principal") (collectively, the "Purchasers").

Recitals

A. The Co-Makers and the Purchasers entered into a Note Agreement dated as of January 31, 1996 (as amended, supplemented or otherwise modified from time to time, the "Note Agreement"), pursuant to which the Co-Makers issued and sold to the Purchasers and the Purchasers purchased, on the terms and conditions therein set forth, the Co-Makers' 6.45% Senior Notes, Series A, Due January 31, 2002, in the aggregate principal amount of \$25,000,000, and 6.76% Senior Notes, Series B, Due January 31, 2006 in the aggregate principal amount of \$50,000,000 (the "Notes"). The Purchasers remain, collectively, the holders of 100% of the outstanding principal amount of the Notes.

Capitalized terms used and not otherwise defined herein shall have the respective meanings ascribed to them in the Note Agreement.

B. The Co-Makers and Chase Bank of Texas, N.A., Bank of America National Trust and Savings Association, ABN Amro Bank N.V., The Chase Manhattan Bank and the other financial institutions party thereto (collectively, the "Banks") have entered into a Credit Agreement dated as of August 31, 1998 (as the same may be amended, modified, or supplemented from time to time, the "Credit Agreement"), pursuant to which the Banks have agreed to extend credit to the Co-Makers in the form of revolving credit advances not to exceed an aggregate principal amount of \$215,000,000.

C. The Restricted Subsidiaries (including GPX) that have executed guaranties in connection with the Credit Agreement and the Company (collectively, the "Guarantors") have executed Guaranties in respect of the Co-Makers' obligations under the Notes.

D. The Guarantors, the Banks, and the Purchasers have executed a Sharing Agreement dated as of August 31, 1998 as supplemented by agreement dated as of October 2, 1998.
<PAGE>

E. The Co-Makers and the Banks intend to amend certain provisions of the Credit Agreement (herein, the "Credit Agreement Amendment"), and the Co-Makers and the Purchasers desire to amend the Note Agreement in the respects, but only in the respects, hereinafter set forth.

NOW, THEREFORE, the Co-Makers and the Purchasers, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, do hereby agree as follows:

Section 1. Amendment of the Note Agreement. The Note Agreement is hereby amended as follows:

(a) Paragraphs 1A and 1B of the Note Agreement are amended to read in their entirety as follows:

1A. Authorization of Issue of Series A Notes. The Co-Makers will authorize the issue of their joint and several senior promissory notes, Series A, in the aggregate principal amount of \$25,000,000: (i) to be dated the date of issue thereof; (ii) to mature January 31, 2002; (iii) to

bear interest on the unpaid balance thereof from the date thereof (A) until the principal thereof shall have become due and payable at the rate of 6.45% per annum, provided, however, that if a Credit Agreement Termination has not occurred on or prior to August 1, 1999, such unpaid balance shall bear interest commencing August 1, 1999, until the principal thereof shall have become due and payable, at the rate of 10.45% per annum and (B) on overdue payments at the rate specified therein, and to be substantially in the form of Exhibit A attached hereto. The term "Series A Notes" as used herein shall include each such senior promissory note, Series A, delivered pursuant to any provision of this Agreement and each such senior promissory note delivered in substitution or exchange for any other Series A Note pursuant to any such provision.

1B. Authorization of Issue of Series B Notes. The Co-Makers will authorize the issue of their joint and several senior promissory notes, Series B, in the aggregate principal amount of \$50,000,000: (i) to be dated the date of issue thereof; (ii) to mature January 31, 2006; (iii) to bear interest (A) on the unpaid balance thereof from the date thereof until the principal thereof shall have become due and payable at the rate of 6.76% per annum, provided, however, that if a Credit Agreement Termination has not occurred on or prior to August 1, 1999, such unpaid balance shall bear interest commencing August 1, 1999, until the principal thereof shall have become due and payable, at the rate of 10.76% per annum and (B) on overdue payments at the rate specified therein, and to be substantially in the form of Exhibit B attached hereto. The term "Series B Notes" as used herein shall include each such senior promissory note, Series B, delivered pursuant to any provision of this Agreement and each such senior promissory note delivered in substitution or exchange for any other Series B Note pursuant to any such provision.

-2-

<PAGE>

Capitalized terms used herein have the meanings specified in paragraph 10. The term "Notes" as used herein shall include each Series A Note and each Series B Note.

(b) A new Paragraph 4E is added to the Note Agreement to read in its entirety as follows:

4E. Mandatory Prepayment. The Notes shall be prepaid in the amounts and in the circumstances provided in paragraph 6F.

(c) Paragraph 5A is amended by inserting the paragraph number and punctuation "6C," immediately preceding the reference to "6D" in the fourth line of the text immediately following paragraph 5A(vi), and by deleting the word "and" found between the references to paragraphs "6F" and "6G" in that line, and by inserting the words "and 6I" following the reference to "6G" in that line.

(d) A new paragraph 5M is added to the Note Agreement to read in its entirety as follows:

5M. Payment of Fee Absent Credit Agreement Termination. Unless on or prior to August 1, 1999, a Credit Agreement Termination has occurred, the Company shall pay on August 1, 1999 to each Purchaser an amount equal to 0.50% of the principal amount then outstanding on the Notes held by such Purchaser.

(e) Paragraphs 6A, 6B and 6C of the Note Agreement are amended in their entirety to read as follows:

6A. Minimum Consolidated Net Worth. The Company will not

permit Consolidated Net Worth to be less than (1) at all times during the period from and including December 31, 1998 to and including June 30, 2000, (a) in the event the Ameri-Forge Write-Down has not been taken on or before the date of determination or is taken after March 31, 1999, \$270,000,000, and (b) in the event the Ameri-Forge Write-Down is taken on or before the date of determination but no later than March 31, 1999, an amount equal to (i) the difference of \$290,000,000 minus the Ameri-Forge Write-Down Amount, multiplied by (ii) 93%, and (2) \$325,000,000 at all times on and after July 1, 2000.

6B. Limitation on Consolidated Total Debt. The Company will not and will not permit any Restricted Subsidiary to create, incur, assume, or suffer to exist any Debt if Consolidated Total Debt will, (i) at any time during the period commencing December 31, 1998 and ending July 31, 1999, exceed 64% of Total Capitalization; (ii) at any time during the period commencing August 1, 1999 and ending September 30, 1999, exceed 55% of Total Capitalization; (iii) at any time

-3-

<PAGE>

during the period commencing October 1, 1999 and ending December 31, 1999, exceed 50% of Total Capitalization; or (iv) at any time after December 31, 1999, exceed 45% of Total Capitalization.

-4-

<PAGE>

6C. Funded Debt/EBITDA Ratio. The Company will maintain or cause to be maintained, as of the end of each fiscal quarter of the Company for the most recent four (4) fiscal quarters then ended, a ratio of Consolidated Funded Debt to Consolidated EBITDA of not greater than the ratio set forth below during the applicable time period set forth below:

Time Period -----	Ratio -----
Through August 31, 1999	4.25 to 1.00
Commencing September 1, 1999, through February 29, 2000	3.75 to 1.00
Commencing March 1, 2000, through August 31, 2000,	3.50 to 1.00
Commencing September 1, 2000, and thereafter	3.25 to 1.00

(f) Paragraph 6F of the Note Agreement is amended by the deletion of the word "either" in subparagraph (i), immediately preceding subparagraph (A); by inserting the phrase "(other than an APG Lime Corp. Disposition or an Ameri-Forge Disposition)" following the phrase "Asset Dispositions" in the first line of subparagraph (A) and in the second line of subparagraph (B); and by addition of new subparagraphs (C) and (D), following subparagraph (B), to read in its entirety as follows:

(C) in the case of an Ameri-Forge Disposition, the proceeds of such disposition shall (after the Company has given to the holders of the Notes at least ten (10) days' prior written notice of prepayment under this subparagraph) be applied, on the first Business Day following the date of closing of such disposition, to prepay in part, ratably: (1) the Obligations (as defined in the Credit Agreement; and (2) principal

of the Notes, and the notes (the "Other Notes") issued under the Note Agreement dated as of June 30, 1998 between the Company and The Prudential Insurance Company of America and U.S. Private Placement Fund, as amended, and the Note Agreement dated as of October 2, 1998 between the Company and The Prudential Insurance Company of America, as amended, and interest on the amount so prepaid (without Yield-Maintenance Amount with respect to the principal of the Notes so prepaid); provided, however, that if a holder of a Note so elects in writing, it may waive its right to such prepayment out of such proceeds; and provided, further, that if any holder of a Note is also a holder of Other Notes, it may apply the principal of such prepayment to such Note and/or Other Notes as such holder may determine in its discretion; or

(D) in the case of an APG Lime Corp. Disposition, the proceeds of such disposition shall be applied, on the first Business Day following the date of closing of such disposition, to reduce the Debt outstanding under the Credit Agreement provided that

-5-

<PAGE>

the Total Commitment (as defined in the Credit Agreement) is, upon such application, reduced to not more than \$140,000,000; or

(g) Subparagraphs (c) and (d) of paragraph 6G are amended to read in their entirety as follows:

(c) the Company may merge with any Person if (i) at the time of such merger after giving effect thereto no Default or Event of Default shall exist; (ii) the Company is the surviving entity of such merger; and (iii) the total cash and non-cash consideration paid and Debt assumed or incurred by the Company or any Restricted Subsidiary in connection with such merger and all mergers permitted by subparagraph (d) below shall not exceed in the aggregate the amount specified in the provisos in the first sentence of paragraph 6I; and

(d) any Subsidiary may merge with any other Person if (i) in the case of a merger of a Restricted Subsidiary, (A) the surviving entity: (1) is, or as a result of the merger or consolidation, becomes a Restricted Subsidiary, (2) is organized under the laws of any state of the United States of America, (3) shall expressly assume, by written agreement, all of the obligations of such Restricted Subsidiary under its Guaranty, (4) has a net worth of greater than zero at the time of (and after giving effect to) such merger, and (B) immediately following such merger no Default or Event of Default shall exist; and (ii) in the case of a Subsidiary that is not a Restricted Subsidiary, the surviving entity shall be a Subsidiary, and (iii) in either case, the total cash and non-cash consideration paid and Debt assumed or incurred by the Company or any Restricted Subsidiary in connection with all such mergers and any merger permitted by subparagraph (c) above shall not exceed in the aggregate the amount specified in the provisos in the first sentence of paragraph 6I.

(h) New paragraphs 6I and 6J are added to the Note Agreement to read in their entirety as follows:

6I Acquisitions. Without the prior written consent of the Required Holders (which consent will not be unreasonably withheld), the Company will not, and (except for any such transaction between Restricted Subsidiaries that are Guarantors hereunder) will not permit any of its Restricted Subsidiaries to, purchase or otherwise acquire (whether by merger or otherwise) all or substantially all the assets of, or the

equity interests in, any Person, unless, immediately before such purchase or acquisition and after giving effect thereto, no Default or Event of Default shall have occurred and be continuing; provided, however, that, if at any time the ratio of Consolidated Funded Debt to Consolidated EBITDA is greater than 3.75 to 1.00, the total cash and non-cash consideration paid and Debt assumed or incurred in connection with all such acquisitions made during the period from August 31, 1998 through such time of determination shall not exceed \$40,000,000 in the aggregate,

-6-

<PAGE>

provided further that such ratio shall not at any time exceed the applicable ratio specified in paragraph 6C. If the Co-Makers request in writing that the Required Holders consent to any acquisition not otherwise permitted under this paragraph 6I, the Required Holders agree to respond to any such request within 14 days after the time such request is made and reasonable supporting documentation and information has been provided to the holders of the Notes.

6J Most Favored Lender Status. The Company will not and will not permit any Subsidiary to enter into, assume or otherwise be bound or obligated under any agreement creating or evidencing Debt in excess of \$5,000,000 containing one or more Additional Covenants or Additional Defaults, unless prior written consent to such agreement shall have been obtained pursuant to paragraph 11C; provided, however, in the event the Company or any Subsidiary shall enter into, assume or otherwise become bound by or obligated under any such agreement without the prior written consent of the Required Holders, the terms of this Agreement shall, without any further action on the part of the Company or any of the holders of the Notes, be deemed to be amended automatically to include each Additional Covenant and each Additional Default contained in such agreement. The Company further covenants to promptly execute and deliver at its expense (including, without limitation, the fees and expenses of counsel for the holders of the Notes) an amendment to this Agreement in form and substance satisfactory to the Required Holder(s) evidencing the amendment of this Agreement to include such Additional Covenants and Additional Defaults, provided that the execution and delivery of such amendment shall not be a precondition to the effectiveness of such amendment as provided for in this paragraph 6J, but shall merely be for the convenience of the parties hereto.

(i) Subparagraph (v) of paragraph 7A is amended by inserting the phrase "or paragraph 5M" immediately following the reference to "paragraph 6".

(j) Paragraph 10B of the Note Agreement is amended by inserting the following new defined terms in the appropriate alphabetical order within such paragraph:

"Acquired Assets" means any assets (including the capital stock of any Person) acquired by the Company or any of its Restricted Subsidiaries pursuant to transactions permitted by paragraph 6I.

"Additional Covenant" shall mean any affirmative or negative covenant or similar restriction applicable to the Company or any Subsidiary (regardless of whether such provision is labeled or otherwise characterized as a covenant) the subject matter of which either (i) is similar to that of the covenants in paragraphs 5 and 6 of this Agreement, or related definitions in paragraph 10 of this Agreement, but contains one or more percentages, amounts or formulas that is more restrictive than those set forth herein or more beneficial to the holder or holders of the Debt

created or evidenced by the document in which such

-7-

<PAGE>

covenant or similar restriction is contained (and such covenant or similar restriction shall be deemed an Additional Covenant only to the extent that it is more restrictive or more beneficial) or (ii) is different from the subject matter of the covenants in paragraphs 5 and 6 of this Agreement, or related definitions in paragraph 10 of this Agreement.

"Additional Default" shall mean any provision contained in any document or instrument creating or evidencing Debt of the Company which permits the holder or holders of Debt to accelerate (with the passage of time or giving of notice or both) the maturity thereof or otherwise requires the Company or any Subsidiary to purchase such Debt prior to the stated maturity thereof and which either (i) is similar to the Defaults and Events of Default contained in paragraph 7 of this Agreement, or related definitions in paragraph 10 of this Agreement, but contains one or more percentages, amounts or formulas that is more restrictive or has a shorter grace period than those set forth herein or is more beneficial to the holders of such other Debt (and such provision shall be deemed an Additional Default only to the extent that it is more restrictive, has a shorter grace period or is more beneficial) or (ii) is different from the subject matter of the Defaults and Events of Default contained in paragraph 7 of this Agreement, or related definitions in paragraph 10 of this Agreement.

"Ameri-Forge Disposition" means an Asset Disposition involving all (but not less than all) of the stock or all or substantially all of the assets of the Company's Subsidiary Ameri-Forge Corporation and its own Subsidiaries.

"Ameri-Forge Write-Down" means the write-down of assets of Ameri-Forge Corporation from book value to fair market value.

"Ameri-Forge Write-Down Amount" means, on any date, the lesser of (a) the actual aggregate amount that stockholders' equity of the Company has been reduced on or before such date by the Ameri-Forge Write Down or (b) \$70,000,000.

"APG Lime Corp. Disposition" shall mean an Asset Disposition involving all (but not less than all) of the stock or all or substantially all of the assets of the Company's Subsidiary APG Lime Corp. and its own Subsidiaries.

"Consolidated EBITDA" shall mean, for any period, the sum of the following, calculated on a consolidated basis for the Company and its Restricted Subsidiaries without duplication: (a) Consolidated Net Income (or minus any consolidated net loss) for such period, plus (b) to the extent actually deducted in calculating Consolidated Net Income (or consolidated net loss), Consolidated Interest Expense (including the interest portion of Capitalized Lease Obligations), Income Taxes, depreciation, amortization, and other noncash charges, plus (c) losses (or minus gains) from the sale of fixed assets not in the ordinary course of business and other extraordinary or nonrecurring items, plus (d) nonrecurring costs actually incurred during such period for Synergy Events, provided such costs are described in reasonable detail on a schedule to the Officer's Certificate for such period delivered in

-8-

<PAGE>

accordance with the penultimate paragraph of paragraph 5A, less (e)

dividends declared and paid to any Person other than a Co-Maker or a Guarantor; provided that with respect to Acquired Assets the Company shall prepare historical financial statements for the period from the beginning of the period for which Consolidated EBITDA is being calculated to the time of the acquisition of such Acquired Assets as if the Co-Maker or a Restricted Subsidiary owned the Acquired Assets from the beginning of the period for which Consolidated EBITDA is being calculated (it being understood such statements may contain (x) adjustments to reflect cost savings (annualized based on actual cost savings during such period after the date of such acquisition) attributable to a Synergy Event, as described in reasonable detail on a schedule to the Officer's Certificate for such period delivered in accordance with the penultimate paragraph of paragraph 5A, and (y) such other adjustments (as may be agreed to by the Required Holders) relating to Acquired Assets (other than costs for Synergy Events)).

"Consolidated Funded Debt" shall mean, at any particular time, the sum of the following, calculated on a consolidated basis for the Company and its Restricted Subsidiaries in accordance with GAAP, without duplication: (a) all obligations for borrowed money (as a direct obligor on a promissory note, bond, debenture or other similar instrument), plus (b) all Capitalized Lease Obligations (other than the interest component of such obligations), plus (c) all obligations for the deferred purchase price of property excluding (i) trade accounts payable of such Person arising in the ordinary course of business, (ii) any such obligations which are non-recourse to the credit of the Co-Makers and (iii) obligations for earn-out payments which are contingent on performance in connection with the acquisition of a business.

"Consolidated Interest Expense" shall mean, for any period, the aggregate interest expense of the Company and its Restricted Subsidiaries, as determined in accordance with GAAP.

"Consolidated Net Worth" means, at any particular time, all amounts which, in conformity with GAAP, would be included as stockholder's equity on a consolidated balance sheet of the Company and its Subsidiaries.

"Credit Agreement Termination" shall mean that: (a) no Commitment (as defined in the Credit Agreement) remains outstanding under the Credit Agreement; and (b) the Credit Agreement has been permanently terminated and all notes and other obligations of the Company and its Subsidiaries thereunder have been paid in full.

"Income Taxes" means federal, state, local and foreign income taxes.

"Synergy Event" shall mean an action or measure actually taken by the Company or a Restricted Subsidiary to address factors such as overlapping functions and/or personnel resulting from an acquisition of Acquired Assets.

-9-

<PAGE>

(k) Paragraph 10B of the Note Agreement is hereby amended by deleting the definition of Consolidated Tangible Net Worth.

(l) Exhibits A and B, in the forms attached hereto, hereby replace existing Exhibits A and B to the Note Agreement.

Section 2. Replacement Notes. The Co-Makers and the Purchasers hereby agree that the forms of notes attached hereto as Exhibits A and B making certain changes to the Notes to reflect the provisions hereof regarding the rate of interest to accrue on the Notes, replace the existing Notes.

Section 3. Effective Date. This Amendment shall become effective on the date hereof (the "Effective Date"), subject in all cases to the following having been received by and being satisfactory to the Purchasers:

- (a) duly executed counterparts of this Amendment;
- (b) duly executed Notes in the forms attached to this Amendment, executed by the Co-Makers;
- (c) a copy of the Credit Agreement Amendment and the Credit Agreement as in effect on the Effective Date, certified by the Co-Makers;
- (d) certificates of the Secretary or Assistant Secretary of each of the Guarantors and the Co-Makers attaching and certifying copies of (i) the certificate of incorporation of such Guarantor or Co-Maker, as the case may be, (ii) the bylaws of such Guarantor or Co-Maker, as the case may be, (iii) the resolutions of the board of directors of such Guarantor authorizing the execution and delivery of this Amendment; (iv) the resolutions of the board of directors of each Co-Maker authorizing the execution, delivery, and performance of this Amendment; and (v) the name, title and true signature of each officer of such Guarantor or Co-Maker, as the case may be, executing the Amendment; and
- (e) a favorable opinion of Jeanette H. Quay, general counsel of the Company, counsel for the Co-Makers and the Guarantors, satisfactory to the Purchasers and the Purchasers' special counsel and addressing such matters as the Purchasers may request;
- (f) payment by the Company to each Purchaser, and the receipt by Purchasers of evidence satisfactory to them of their receipt of, an amendment fee of 0.25% of the principal amount outstanding, as of the Effective Date, on the Notes held by such Purchaser.
- (g) evidence satisfactory to the Purchasers that the Purchasers' special counsel has received its fees, charges and disbursements charged or incurred in connection with the preparation, negotiation, execution and delivery of this Amendment, and any other documents executed and

-10-

<PAGE>

delivered contemporaneously herewith or therewith, to the extent such fees, charges and disbursements are reflected in a statement of such special counsel tendered to the Co-Makers at least one Business Day prior to the execution of this Amendment.

Section 4. Representations and Warranties. In order to induce the Purchasers to enter into this Amendment, each of the Co-Makers represents and warrants as follows:

- (a) Organization. The Company is a corporation duly organized and validly existing in good standing under the laws of the State of Delaware. GPX is a corporation duly organized and validly existing in good standing under the laws of the State of Nevada. Each other Guarantor is a corporation duly organized and validly existing in good standing under the laws of the state of its incorporation.
- (b) Power and Authority. Each of the Co-Makers and each Guarantor has all requisite corporate power to execute, deliver and perform its obligations under this Amendment and the Notes executed by it. The execution, delivery and performance by the Co-Makers of this Amendment and the Notes and the execution and delivery by the Guarantors of this Amendment have been duly authorized by all requisite corporate action on the part of each of the Co-Makers or such

Guarantors, as the case may be. Each of the Co-Makers has duly executed and delivered this Amendment and the Notes, and this Amendment and the Notes constitute legal, valid and binding obligations of each of the Co-Makers, enforceable against the Co-Makers in accordance with their respective terms. Each of the Guarantors has duly executed and delivered this Amendment, and this Amendment constitutes the legal, valid and binding obligation of such Guarantor, enforceable against it in accordance with its terms.

(c) No Conflicts. Neither the execution and delivery of this Amendment or the Notes by the Co-Makers or the execution and delivery of this Amendment by the Guarantors, nor the consummation of the transactions contemplated hereby, nor fulfillment of nor compliance with the terms and provisions thereof will conflict with, or result in a breach of the terms, conditions or provisions of, or constitute a default under, or result in any violation of, or result in the creation of any security interest, lien or other encumbrance upon any of the properties or assets of the Co-Makers or the Guarantors pursuant to the certificate of incorporation or bylaws of the Co-Makers or the Guarantors, any award of any arbitrator or any agreement (including any agreement with stockholders), instrument, order, judgment, decree, statute, law, rule or regulation to which the Co-Makers or the Guarantors are subject.

(d) Consents. Neither the nature of the business conducted by the Co-Makers, nor any of its properties, nor any relationship between the Co-Makers and any other Person, nor any circumstance in connection with the transactions contemplated by this Amendment is such as to require any authorization, consent, approval, exemption or other action by or notice to or filing with any court or administrative or governmental body or any other Person in connection with the execution and delivery of this Amendment or fulfillment of or compliance with the terms and provisions hereof.

-11-

<PAGE>

(e) No Event of Default or Default. Immediately following the effectiveness of this Amendment, no Event of Default or Default exists.

(f) Other. All representations and warranties of the Co-Makers in the Credit Agreement are true and correct on the date hereof, as though made on and as of such date.

Section 5. Miscellaneous.

(a) References to Note Agreement. Upon and after the Effective Date, each reference to the Note Agreement in each document relating thereto shall mean and be a reference to such Note Agreement as amended by this Amendment.

(b) Ratification and Confirmation. Except as specifically amended herein, the Note Agreement shall remain in full force and effect, and is hereby ratified and confirmed.

(c) No Waiver. The execution, delivery and effectiveness of this Amendment shall not operate as a waiver of any right, power or remedy of any Purchaser or any other holder of Notes, nor constitute a waiver of any provision of the Note Agreement (as amended by this Amendment), the Notes or any other document relating thereto.

(d) Expenses. The Company confirms its agreement, pursuant to paragraph 11B of the Note Agreement, to pay promptly all expenses of Purchaser related to this Amendment and all matters contemplated hereby, including, without limitation, all fees and expenses of the Purchasers' special counsel.

(e) GOVERNING LAW. THIS AMENDMENT SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, AND THE RIGHTS OF THE PARTIES SHALL BE GOVERNED BY, THE LAW OF

THE STATE OF NEW YORK, AND EACH OF THE PARTIES HERETO CHOOSES NEW YORK LAW TO GOVERN THIS AMENDMENT PURSUANT TO N.Y. GEN. OBLIG. LAW SECTION 5-1401 (CONSOL. 1995).

(f) Counterparts. This Amendment may be executed in counterparts (including those transmitted by facsimile), each of which shall be deemed an original and all of which taken together shall constitute one and the same document. Delivery of this Amendment may be made by facsimile transmission of a duly executed counterpart copy hereof.

[Remainder of Page Intentionally Left Blank; Signature Page Follows]

-12-

<PAGE>

IN WITNESS WHEREOF, the parties hereto have caused their duly authorized officers to execute this Amendment as of the date first above written.

THE PRUDENTIAL INSURANCE COMPANY
OF AMERICA

By: _____
Name:
Title:

PRINCIPAL LIFE INSURANCE COMPANY

By: PRINCIPAL CAPITAL MANAGEMENT, LLC, a Delaware
limited liability company, its authorized
signatory

By: _____
Title: _____

By: _____
Title: _____

-13-

<PAGE>

PRINCIPAL LIFE INSURANCE COMPANY, ON BEHALF OF ONE
OR MORE SEPARATE ACCOUNTS

By: PRINCIPAL CAPITAL MANAGEMENT, LLC, a Delaware
limited liability company, its authorized
signatory

By: _____
Title: _____

By: _____

Title: _____

GLOBAL INDUSTRIAL TECHNOLOGIES, INC.

By: _____

Name: _____

Title: _____

GPX CORP.

By: _____

Name: _____

Title: _____

Each of the undersigned Guarantors, having guaranteed the obligations of the Co-Makers under the Note Agreement and the Notes issued thereunder, pursuant to a Guaranty dated as of August 31, 1998 (the "Guaranty") hereby consents, as of the date first above written, to the execution by the Co-Makers of the foregoing Amendment; and reaffirms that the obligations of the Co-Makers under the Note Agreement (defined above) as amended by the Amendment, and under the replacement

-14-

<PAGE>

Notes issued pursuant to the Amendment constitute "Guaranteed Indebtedness" within the meaning of that Guaranty; and affirms that the Guaranty remains in full force and effect in favor of the Purchasers; and confirms that the representations made in Section 4 hereof, insofar as such representations relate to such Guarantor, are true and correct as of the date of the Amendment.

GLOBAL INDUSTRIAL TECHNOLOGIES, INC.

By: _____

Name: _____

Title: _____

GPX CORP.

By: _____

Name: _____

Title:

HARBISON-WALKER REFRACTORIES COMPANY

By: _____

Name:

Title:

HARBISON-WALKER INTERNATIONAL
REFRACTORIES, INC.

By: _____

Name:

Title:

-15-

<PAGE>

AMERI-FORGE CORPORATION

By: _____

Name:

Title:

A.P. GREEN REFRACTORIES, INC.

By: _____

Name:

Title:

-16-

<PAGE>

EXHIBIT A

FORM OF SERIES A NOTE
GLOBAL INDUSTRIAL TECHNOLOGIES, INC.
GPX CORP.

6.45% SENIOR NOTE, SERIES A, DUE January 31, 2002

No. A- _____
\$ _____

[Date]

FOR VALUE RECEIVED, the undersigned, GLOBAL INDUSTRIAL TECHNOLOGIES, INC. (the "Company"), a corporation organized and existing under the laws of the State of Delaware, and GPX CORP., a corporation organized and existing under the laws of the State of Nevada (collectively, "Co-Makers"), hereby jointly and

severally promise to pay to _____, or registered assigns, the principal sum of _____ DOLLARS on January 31, 2002, with interest (computed on the basis of a 360-day year--30-day month) (a) on the unpaid balance thereof at the rate of 6.45% per annum from the date hereof, provided, however, that if a Credit Agreement Termination (as defined in the Agreement referred to below) has not occurred on or prior to August 1, 1999, such unpaid balance shall bear interest commencing August 1, 1999, until the principal thereof shall have become due and payable, at the rate of 10.45% per annum, such interest being payable semiannually on the 31st day of July and January in each year, commencing with the July or January next succeeding the date hereof, until the principal hereof shall have become due and payable, and (b) on any overdue payment (including any overdue prepayment) of principal, any overdue payment of interest and any overdue payment of any Yield-Maintenance Amount (as defined in the Agreement referred to below), payable semiannually as aforesaid (or, at the option of the registered holder hereof, on demand), at a rate per annum from time to time equal to the lesser of (a) the maximum rate permitted by applicable law or (b) the greater of (i) 8.45% or (ii) 2% over the rate of interest publicly announced by the Bank of New York from time to time in New York City as its Prime Rate; provided, however, that if a Credit Agreement Termination (as defined in the Agreement referred to below) has not occurred on or prior to August 1, 1999, the rate applicable under this clause (b) will be the greater of (i) 12.45% or (ii) 6% over the rate of interest publicly announced by the Bank of New York from time to time in New York City as its Prime Rate.

Payments of principal of, interest on and any Yield-Maintenance Amount payable with respect to this Note are to be made at the main office of the Bank of New York in New York City or at such other place as the holder hereof shall designate to the Company in writing, in lawful money of the United States of America.

A-1

<PAGE>

This Note is one of the 6.45% Senior Notes, Series A (the "Notes") issued pursuant to a Note Agreement, dated as of January 31, 1996 (as amended, supplemented or otherwise modified from time to time, the "Agreement"), among the Co-Makers and the original purchasers of the Series A Notes named in the Information Schedule attached thereto and is entitled to the benefits thereof. As provided in the Agreement, this Note is subject to prepayment, in whole or from time to time in part on the terms specified in the Agreement.

This Note is a registered Note and, as provided in and subject to the Agreement, upon surrender of this Note for registration of transfer, duly endorsed, or accompanied by a written instrument of transfer duly executed, by the registered holder hereof or such holder's attorney duly authorized in writing, a new Note for a like principal amount will be issued to, and registered in the name of, the transferee. Prior to due presentment for registration of transfer, the Co-Makers may treat the person in whose name this Note is registered as the owner hereof for the purpose of receiving payment and for all other purposes, and the Co-Makers shall not be affected by any notice to the contrary.

This Note is subject to optional prepayment, in whole or from time to time in part, on the terms specified in the Agreement.

In case an Event of Default, as defined in the Agreement, shall occur and be continuing, the principal of this Note may be declared or otherwise become due and payable in the manner and with the effect provided in the Agreement.

The Co-Makers and any and all endorsers, guarantors and sureties severally waive grace, demand, presentment for payment, notice of dishonor or

default, notice of intent to accelerate, notice of acceleration (to the extent set forth in the Agreement), protest and diligence in collecting.

Should any indebtedness represented by this Note be collected at law or in equity, or in bankruptcy or other proceedings, or should this Note be placed in the hands of attorneys for collection, the Company agrees to pay, in addition to the principal, Yield-Maintenance Amount, if any, and interest due and payable hereon, all costs of collecting or attempting to collect this Note, including reasonable attorneys' fees and expenses (including those incurred in connection with any appeal).

The Co-Makers, and the purchaser and the registered holder of this Note specifically intend and agree to limit contractually the amount of interest payable under this Note to the maximum amount of interest lawfully permitted to be charged under applicable law. Therefore, none of the terms of this Note shall ever be construed to create a contract to pay interest at a rate in excess of the maximum rate permitted to be charged under applicable law, and neither the Co-Makers nor any other party liable or to become liable hereunder shall ever be liable for interest in excess of the amount determined at such maximum rate, and the provisions of paragraph 11R of the Agreement shall control over any contrary provision of this Note.

A-2

<PAGE>

This note is intended to be performed in the State of New York and shall be construed and enforced in accordance with the law of such State.

GLOBAL INDUSTRIAL
TECHNOLOGIES, INC.

By: _____
Vice President

By: _____
Treasurer

GPX CORP.

By: _____
Vice President

By: _____
Treasurer

A-3

<PAGE>

EXHIBIT B

FORM OF SERIES B NOTE
GLOBAL INDUSTRIAL TECHNOLOGIES, INC.
GPX CORP.

6.76% SENIOR NOTE, SERIES B, DUE January 31, 2006

No. B- _____

[Date]

\$ _____

FOR VALUE RECEIVED, the undersigned, GLOBAL INDUSTRIAL TECHNOLOGIES, INC. (the "Company"), a corporation organized and existing under the laws of the State of Delaware, and GPX CORP., a corporation organized and existing under the laws of the State of Nevada (collectively, "Co-Makers"), hereby jointly and severally promise to pay to _____, or registered assigns, the principal sum of _____ DOLLARS on January 31, 2006, with interest (computed on the basis of a 360-day year--30-day month) (a) on the unpaid balance thereof at the rate of 6.76% per annum from the date hereof, provided, however, that if a Credit Agreement Termination (as defined in the Agreement referred to below) has not occurred on or prior to August 1, 1999, such unpaid balance shall bear interest commencing August 1, 1999, until the principal thereof shall have become due and payable, at the rate of 10.76% per annum, such interest being payable semiannually on the 31st day of July and January in each year, commencing with the July or January next succeeding the date hereof, until the principal hereof shall have become due and payable, and (b) on any overdue payment (including any overdue prepayment) of principal, any overdue payment of interest and any overdue payment of any Yield-Maintenance Amount (as defined in the Agreement referred to below), payable semiannually as aforesaid (or, at the option of the registered holder hereof, on demand), at a rate per annum from time to time equal to the lesser of (a) the maximum rate permitted by applicable law or (b) the greater of (i) 8.76% or (ii) 2% over the rate of interest publicly announced by the Bank of New York from time to time in New York City as its Prime Rate; provided, however, that if a Credit Agreement Termination has not occurred on or prior to August 1, 1999, the rate applicable under this clause (b) will be the greater of (i) 12.76% or (ii) 6% over the rate of interest publicly announced by the Bank of New York from time to time in New York City as its Prime Rate.

Payments of principal of, interest on and any Yield-Maintenance Amount payable with respect to this Note are to be made at the main office of the Bank of New York in New York City or at such other place as the holder hereof shall designate to the Company in writing, in lawful money of the United States of America.

This Note is one of the 6.76% Senior Notes, Series B (the "Notes") issued pursuant to a Note Agreement, dated as of January 31, 1996 (as amended, supplemented or otherwise modified from time to time, the "Agreement"), among the Co-Makers and the original purchasers

B-1

<PAGE>

of the Series B Notes named in the Information Schedule attached thereto and is entitled to the benefits thereof. As provided in the Agreement, this Note is subject to prepayment, in whole or from time to time in part on the terms specified in the Agreement.

This Note is a registered Note and, as provided in and subject to the Agreement, upon surrender of this Note for registration of transfer, duly endorsed, or accompanied by a written instrument of transfer duly executed, by the registered holder hereof or such holder's attorney duly authorized in writing, a new Note for a like principal amount will be issued to, and registered in the name of, the transferee. Prior to due presentment for registration of transfer, the Co-Makers may treat the person in whose name this Note is registered as the owner hereof for the purpose of receiving payment and for all other purposes, and the Co-Makers shall not be affected by any notice to the contrary.

The Co-Makers agree to make required prepayments of principal on the dates and in the amounts specified in the Agreement. This Note is also subject

to optional prepayment, in whole or from time to time in part, on the terms specified in the Agreement.

In case an Event of Default, as defined in the Agreement, shall occur and be continuing, the principal of this Note may be declared or otherwise become due and payable in the manner and with the effect provided in the Agreement.

The Co-Makers and any and all endorser, guarantors and sureties severally waive grace, demand, presentment for payment, notice of dishonor or default, notice of intent to accelerate, notice of acceleration (to the extent set forth in the Agreement), protest and diligence in collecting.

Should any indebtedness represented by this Note be collected at law or in equity, or in bankruptcy or other proceedings, or should this Note be placed in the hands of attorneys for collection, the Co-Makers agree to pay, in addition to the principal, Yield-Maintenance Amount, if any, and interest due and payable hereon, all costs of collecting or attempting to collect this Note, including reasonable attorneys' fees and expenses (including those incurred in connection with any appeal).

The Co-Makers, and the purchaser and the registered holder of this Note specifically intend and agree to limit contractually the amount of interest payable under this Note to the maximum amount of interest lawfully permitted to be charged under applicable law. Therefore, none of the terms of this Note shall ever be construed to create a contract to pay interest at a rate in excess of the maximum rate permitted to be charged under applicable law, and neither the Co-Makers nor any other party liable or to become liable hereunder shall ever be liable for interest in excess of the amount determined at such maximum rate, and the provisions of paragraph 11R of the Agreement shall control over any contrary provision of this Note.

B-2

<PAGE>

This note is intended to be performed in the State of New York and shall be construed and enforced in accordance with the law of such State.

GLOBAL INDUSTRIAL
TECHNOLOGIES, INC.

By: _____
Vice President

By: _____
Treasurer

GPX CORP.

By: _____
Vice President

By: _____
Treasurer

B-3

</TEXT>
 </DOCUMENT>
 <DOCUMENT>
 <TYPE>EX-21
 <SEQUENCE>8
 <DESCRIPTION>LIST OF SUBSIDIARIES
 <TEXT>
 <PAGE>

EXHIBIT 21

SUBSIDIARIES AND AFFILIATES OF GLOBAL INDUSTRIAL TECHNOLOGIES, INC.
 AT JANUARY 1, 1999

(All Affiliates are Corporations, unless otherwise indicated)

<TABLE>
 <CAPTION>

Name	State or Other Sovereign Power Under the Laws of Which Organized	% of Sec ow In F
<S>	<C>	<C>
Global Industrial Technologies Services Company	Delaware	
Corrosion IP Corp.	Nevada	
Corrosion Technology International, Inc.	Delaware	
Corrosion Technology International Services Company	Delaware	
GPX Corp.	Nevada	
Global Processing Systems, Inc.	Delaware	
TMPSC, Inc.	Delaware	
Ameri-Forge Corporation	Delaware	
UCR, Inc.	Texas	
Global-GIX Canada Inc.	Canada	
1086215 Ontario, Inc.	Canada	
Indresco de Mexico, S.A. de C.V.	Mexico	
Intool de Mexico, S.A. de C.V.	Mexico	
Harbison-Walker Refractories, S.A. de C.V.	Mexico	
Corrosion Technologies de Mexico, S.A. de C.V.	Mexico	
Polymer Pipe Technology, Inc.	Delaware	
GIX Foreign Sales Corp.	U.S. Virgin Islands	
Harbison-Walker Refractories Company	Delaware	
Indresco International, Ltd.	Delaware	
Harbison-Walker Refractories Europe, Ltd.	Delaware	
Indresco Jeffrey Industria e Comercio Ltda.	Brazil	
Harbison-Walker International Refractories, Inc.	Delaware	
Construcciones Refractarias RECSA, S.A.	Chile	
Refmex, S.R.L. de C.V.	Mexico	
Refractarios Green, S.R.L. de C.V.	Mexico	
GIX International Limited	U.K.	
C.T.I. Europe - N.V.	Belgium	
Corrosion Technology Peru S.A.	Peru	
Corrosion Technology Chile S.A.	Chile	
CTI Pacific Pty Ltd	Australia	
GIX Pty Ltd	Australia	
CTI Pacific Chusik Hoesa	Korea	
Harbison-Walker International B.V.	Netherlands	
SeMo Unternehmens-Beteiligungs-GmbH	Germany	

GR Unternehmens-Beteiligungs-GmbH.	Germany
Harbison-Walker Refractories GmbH	Germany
Indresco U.K. Limited	U.K.
Harbison-Walker Refractories S. A.	Chile
INTOOL International GmbH	Germany

</TABLE>
<PAGE>

SUBSIDIARIES AND AFFILIATES OF GLOBAL INDUSTRIAL TECHNOLOGIES, INC.
AT JANUARY 1, 1999

(All Affiliates are Corporations, unless otherwise indicated)

<TABLE>
<CAPTION>

Name	State or Other Sovereign Power Under the Laws of Which Organized	% of Sec ow In F
<S>	<C>	<C>
A.P.Green Industries, Inc.	Delaware	
A.P. Green Services, Inc.	Delaware	
APG Refractories Corp.	Delaware	
INTOGREEN Co. (a partnership)	Missouri	
APG Foreign Sales Corporation	U.S.Virgin Islands	
A. P. Green Refractories, Inc.	Delaware	
A. P. Green de Mexico S.A. de C.V.	Mexico	
Empresa de Refractorios Colombianos S.A.	Columbia	
Materiales Industriales S.A.	Columbia	
Lanxide ThermoComposites, Inc.	Delaware	
Chiam Technologies, Inc.	Ohio	
APG Development Corp.	Delaware	
A. P. Green International, Inc.	Delaware	
APG Lime Corp.	Delaware	
Palmetto Lime LLC	South Carolina	
Detrick Refractory Fibers Inc.	Mississippi	
A. P. Green Refractories Limited	United Kingdom	
Liptak Bradley Limited	United Kingdom	
Bradley and Lonsdale Limited	United Kingdom	
PT AP Green Indonesia	Indonesia	

</TABLE>

- (a) Accounts of these companies are not included in Consolidated Financial Statements.
- (b) Remaining 5% is owned by Indresco de Mexico, S.A. de C.V.
- (c) Additional 5% is owned by Indresco de Mexico, S.A. de C.V.
- (d) Remaining 1% is owned by Harbison Walker International Refractories, Inc.
- (e) Remaining 1% is owned by GPX Corp.
- (f) Ownership: 80% by GR Unternehmens-Beteiligungs-GmbH; 20% by SeMo Unternehmens-Beteiligungs-GmbH
- (g) Remaining 20% is owned by A. P. Green Refractories, Inc.
- (h) Name changed to "Harbison-Walker Refractories Limited" on January 14, 1999.

</TEXT>

</DOCUMENT>

<DOCUMENT>

<TYPE>EX-23

<SEQUENCE>9

<DESCRIPTION>CONSENT OF PRICEWATERHOUSECOOPERS LLP

<TEXT>

<PAGE>

Exhibit 23

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 33-56306, 33-56440, 33-56442, 33-79672, 33-98006) of our report dated March 30, 1999, appearing on page F-4 of this Form 10-K.

PRICEWATERHOUSECOOPERS LLP

Dallas, Texas
March 30, 1999

</TEXT>

</DOCUMENT>

<DOCUMENT>

<TYPE>EX-27

<SEQUENCE>10

<DESCRIPTION>FINANCIAL DATA SCHEDULE

<TEXT>

<TABLE> <S> <C>

<PAGE>

<ARTICLE> 5

<MULTIPLIER> 1,000,000

<S>

<C>

<PERIOD-TYPE>

YEAR

<FISCAL-YEAR-END>

DEC-31-1998

<PERIOD-START>

JAN-01-1998

<PERIOD-END>

DEC-31-1998

<CASH>

8

<SECURITIES>

0

<RECEIVABLES>

122

<ALLOWANCES>

7

<INVENTORY>

135

<CURRENT-ASSETS>

691

<PP&E>

437

<DEPRECIATION>

175

<TOTAL-ASSETS>

1,266

<CURRENT-LIABILITIES>

534

<BONDS>

0

<PREFERRED-MANDATORY>

0

<PREFERRED>

0

<COMMON>

7

<OTHER-SE>

228

<TOTAL-LIABILITY-AND-EQUITY>

1,266

<SALES>

494

<TOTAL-REVENUES>

2

<CGS>

391

<TOTAL-COSTS>

584

<OTHER-EXPENSES>

2

<LOSS-PROVISION>

0

<INTEREST-EXPENSE>

11

<INCOME-PRETAX>

(88)

<INCOME-TAX>

37

<INCOME-CONTINUING>

(51)

<DISCONTINUED>	15
<EXTRAORDINARY>	0
<CHANGES>	0
<NET-INCOME>	(36)
<EPS-PRIMARY>	(1.64)
<EPS-DILUTED>	(1.64)

</TABLE>

</TEXT>

</DOCUMENT>

</SEC-DOCUMENT>

-----END PRIVACY-ENHANCED MESSAGE-----